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Cuba

Castro Discusses Revolution, USSR, Nicaragua

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[Speech by President Fidel Castro at the closing session of the Fifth Congress of the Federation of Cuban Women, FMC, at the Palace of Conventions in Havana—live]

[Text] Guests, women guests, comrades of the Federation of Cuban Women [FMC], compatriots:

It is time to close this congress in which I have participated the entire time, except when the guests gave their speeches and I was unable to be present. I am a witness to how this event has unfolded. I have had the privilege of listening to you. What can I say? First of all, I see undeniable, great progress.

Someone is talking a lot for a woman. Maybe she will shut up. Is she deaf or what? It is probably someone who works out there in one of the activities that is making so much noise.

I was saying that I have participated in all the FMC congresses and I have observed the differences between each of them. However, above all in this congress, I have observed enormous progress in many things, in the organization, in the intensity of the analyses, in the clarity of expressions, even in the elegance of the words spoken, in the depth of the feelings, in the revolutionary spirit. Have we advanced so much from the fourth to the fifth congress or is it that you now reflect the spirit that is required during these times? I think it's a little of both.

What we have heard says more than the statistics, more than the numbers. It explains things to us. We have a tremendous force in the women's sector of the population. We can say that the sector exists. We can say that the sector practically did not exist. It was totally ignored. It was repressed. It was discriminated against. It was almost despised, despite the small and large love novels that were written.

At the time of the triumph of the revolution, the number of women who worked was not even 200,000. That was out of a population of about 6 million to 7 million. Today about 1.4 million women comprise part of the country's labor force. This means that the number of working women has increased more than sevenfold, to 1.4 million, and it will continue to grow. The statistics now reflect the women's extraordinary participation in the country's life. As was mentioned in the main report, the women now comprise 38.7 percent of the labor force. That is almost 40 percent. It is logical for that work force to express itself here with the conviction, security, and confidence they have shown here. When one says that women now comprise 58.3 percent of the country's technical force, it is logical that this should be seen and demonstrated here. One can also see that this work force will continue to grow.

Sixty-one percent of preuniversity students are women. They go there because they apply themselves, because of their academic results. You are familiar with the enrollment process in the preuniversities which later feed university careers. It has been demonstrated that 55 percent of university enrollment is comprised of women. This is a progressive tendency. When we speak of a technical force, we not only speak of university students, but also of intermediate-level students. There are tens of thousands of women in teachers' schools. There are also tens of thousands of teachers who are working hard to become university graduates in the near future.

It would be interesting to study these statistics in other countries. For example, what is the role of women in the United States? What percentage of the technical force do they comprise? What is their role in the country's labor force? What happens in other developed countries? What could happen in other Third World countries? Statistics enlighten us. They have been enlightening in just a period of 30 years. We would like to have something with which to compare the statistics because I am convinced it is difficult for these things to happen in other countries.

These acts are reflected in the congress when directors of important hospitals speak here. Brigade or contingent chiefs have spoken here. That territory, that territory [repeats himself] was impenetrable for women. This was not conceivable before the revolution. They assume responsibilities that each time are more important in the country's life. That tendency is inevitably increasing. No one will be able to stop it. No one will be able to detain it. It is not a matter of equality in the abstract or of a struggle for equality in the abstract. It is not a theory. It is a reality and realities are stronger than theories. Realities are more solid than theories. When we began, we discussed future equality, the struggle for an equality in which many of us had the best intentions of changing the situation which we encountered at the triumph of the revolution. Now this is a reality that has been applied and I am certain it will be applied more each time, especially now that women comprise the majority of the technical work force. It is a majority that is growing and whose talent is more evident all the time and whose qualities are more unquestionable each time. Almost half of the country's researchers are women. That is in the area of science—a decisive area—which is gaining more importance in our country each time. That reality is making progress. We can no longer speak of promises, but we should speak of acts. Barriers to be overcome still remain but they will inevitably be overcome. How has this been possible? It has been made possible by the effort of all the people. The efforts of the women themselves is outstanding. It is the product of the work of the revolution.

When Vilma [Vilma Espin, FMC president] read some statistics during her opening speech—and we could add more to those—she stressed the fact that there were 23,000 teachers. I thought there were a little more. I'm not sure if this includes intermediate-level professors or university professors. I estimated that the number of teachers in the country was about 40,000 or more. This statistic was probably obtained from some source and it only remains to be clarified if it refers just to teachers or if it includes everyone. Currently, that number would exceed 300,000, almost 300,000. To be precise, it's about 380,000.

This implies not just an opportunity for tens of thousands, hundreds of thousands of women, to find employment, but also creates the possibility for others to work if they have children in primary, secondary, preuniversity, or university centers.

We were saying that there are more than 400,000 students who are day boarders. Because of our country's situation, how many women would have had the opportunity to work had we not had those day-boarding schools? We were saying that there are more than 500,000 students on scholarships. How many women would have had the opportunity to go to work each week had we not had those schools and scholarships? We were saying that there are 140,000 children in child-care centers. Would it be possible for mothers to go to work if we did not have those child-care centers?

Yesterday we were saying that the demand for more centers is growing. It will surely grow because the number of working women will also grow. More and more women are trusting the child-care centers. We were also saying that we may soon be needing child-care centers for 200,000 children. I am sure that many people, many grandmothers are still taking care of children. We were doing some adding and we concluded that there must be some 900,000 children between the ages of one and six in the country. There are also many people who must be praised at this time; these are people who help families, people who help the mothers who work. I imagine that the number of working women with small children is much higher than the number of children at the child-care centers. Of course, the situation created by the revolution, at all levels of education, has allowed mothers to join the work force.

We were also talking about the disciplined nature of women and the way they fulfill their social duties; 95 percent of the women have job stability. No country could have made this kind of progress without first having a revolution take place, had the efforts of the revolution not been present in every field. I feel you trust the revolution just as much as the revolution trusts you. [applause]

We closely followed, as much as possible, the whole process of the organization of the congress. Much has been reported by the media. Between the time the congress was convoked and the time it was held, situations developed. A whole process developed. Many months went by and many important things happened during those months. Without those important things, this congress would have had, most surely, a different character. Our debates and discussions would have centered on many problems that have yet to be solved, on goals that are still to be reached, on tasks we all have for the future. That had been the character of our past congresses that have resulted in the progress we see today. However, today's priority issues have to do with the country's future, with our nation's independence, and with the survival of the revolution. We are the revolution. We are the revolution and without the revolution we would be nothing; [applause] without the revolution we would not have independence, we would not have a nation, we would have nothing. Without the revolution we would not even be able to talk about the country's existence because, for all purposes of humanity and justice....[changes thought]. And as we said earlier when we were talking about women in those societies of looters and bloodsuckers, the country practically did not exist. We could say that the country—something that can be called country, free and sovereign and not colony or neocolony—did not exist before the revolution. However, in the literal sense of the word, the country cannot exist in a postrevolutionary era because they [not further identified] would first have to destroy the country, they would first have to kill each and every one of us. [applause]

[Crowd applauds and chants: "Fidel, Fidel, Fidel!"] We did not say that today. We said it a long time ago. We will live for the revolution or we will die defending the revolution.

During times like these when the congress is being held, it is logical that the debates centered much around everything that was discussed here; such matters as production, defense, combat, awareness, ideology, the deepening of ideology, loyalty to the cause of the people. All these wonderful, admirable things that were said here, where our time and energy could not be distracted by other things, will never be forgotten. The struggle for women's equality in all aspects is a priority task for our party. That was and will be a priority task for our revolution. [applause] [crowd chant indistinct] The party is together with you in that struggle and on the front line, and we will not cease fighting for it, nor will we stop thinking for a single instant about everything that contributes to new advances and progress regarding women's equality.

You yourselves said, emphasized here, the very important task mothers have in educating their children in that direction because the disappearance of prejudice, the principle of complete respect for women, for women's equality and women's rights should be instilled from birth. It is part of the struggle, although I also said that acts will be much more powerful than words. Our victorious march on this road will continue forward although we may have to concentrate on momentous, decisive tasks for the life of our country.

I know the impressions, the opinions of everyone on the street who has heard over radio, television, or read in the press about the delegates' speeches.

It happened that the congress was held at a time, as we were saying, of great events, many of them negative from the revolutionary point of view. Things have occurred that it would have been difficult to imagine years ago. In fact, the socialist bloc has collapsed. We said this on 7 December during the farewells to the combatants who had been killed on internationalist missions. Whenever something like this is said, it seems a little strange to me. You probably remember my speech on 26 July. We said a few things that may have seemed strange at that time. Less than five months later, less than five months later, [repeats] events broke loose in that direction. The socialist bloc has in fact disappeared.

What socialist bloc can we talk about today? We can talk about the USSR; fortunately the USSR exists. It maintains a line, a consistent international policy in its struggle for peace. The USSR has not fallen into the hands of counterrevolutionaries, and we hope it will not. The USSR has not disintegrated, and we hope it will not. A civil war has not broken out in the USSR, and we hope none does. However, the danger exists, and it is real.

For some time now the word internationalist has not been mentioned in the other countries that were part of the socialist bloc. The word revolution seems to be something evil, unless it is used to confuse that grotesque thing called counterrevolution with revolution, because they have so greatly distorted concepts, ideas, words, and the meaning of words. No one talks about Marxism-Leninism. The statues of Lenin, Marx, Engels are disfigured, demolished, destroyed. Street names are changed, and not only the names of parties are changed but even the names of republics are changed.

What revolutionary meaning can there be in all this? What socialism can we talk about? Everything is aimed, in general openly, toward capitalism, a market economy, and private property. They talk about abolishing the state enterprises. They talk about privatizing the state enterprises and the state enterprises have begun to disappear. In many places they talk about turning them into privately owned corporations. What socialism, what socialist bloc can we talk about?

And what an effort it takes to make them talk about this! There is a conspiracy of lies at the international level. Imperialism calls them changes, progressive reforms, as if private property could be considered a progressive reform in this age. They talk about progressives and conservatives, which is a new way of falsifying, of distorting concepts and words. And now for the great press, the mass media, information in the hands of the empire, the standard-bearers of capitalism are revolutionary ideas, progressive ideas.

We can see some of the results of some of these things. Just yesterday we saw very eloquent proof of this. And when I saw it, I was not surprised because I know what is happening, as we all know, since we expected this, we were expecting this, and we have seen it. What happened yesterday in the commission, the so-called UN Human Rights Commission, demonstrates all this we have been expressing, all this we have been saying. At a given moment a comrade said to me: I am glad all this has been completely uncovered so the whole world will understand it better, the large number of confused people there still are in the world, and the few in good faith there may have been at some time in this country. Or that there might have been in this country; I think there must be very few, very few. The facts are eloquent. I said to the comrades: This helps us understand the situation. You probably know that we have been waging battles there, year after year, against the U.S. attempts to obtain an agreement against us.

And we waged that battle despite the enormous political and economic pressure the United States was exerting, despite the unanimous support of the NATO member countries and those Third World countries—a few Third World countries that are puppets of the United States—and despite all those countries that refrained from voting. Those votes are not cast in secret. The votes cast in our favor at the UN Security Council were secret votes and we received an enormous number of votes; the votes cast in our favor at the [words indistinct] in Geneva were also cast in secrecy. As we have said on several occasions, it is very difficult to vote when the voting is done publicly, because the countries must do so in front of the United States and they depend on the United States for their loans from the World Bank or the Inter-American Bank. What is the name of that bank? Ah? The Inter-American Bank, the IMF, the World Bank, and all those institutions that are controlled by the United States. International loans are controlled by the United States. Many countries therefore refrain from voting. Some are even forced to vote. Of course, the NATO allies will always be present.

And what did we see in this voting? Unbelievable things. We saw the United States present a dirty motion, a cynical U.S. motion. It was a well polished motion; things were eliminated from it because shame sometimes makes people oppose certain things. Several things were eliminated from the U.S. motion to soften it, to make it look harmless. However, they were after something, they wanted to put Cuba on the carpet, they wanted to humiliate Cuba. Undoubtedly, the motion was supported by all the NATO member countries, cosponsored by several NATO member countries, with the cosponsorship of several NATO member countries. In addition comrades, Poland and the CSSR also cosponsored the motion, countries that only a few months ago were a part of the socialist bloc. Furthermore, the motion was also supported by the government that emerged following the military occupation of Panama. In the past, those countries put up a fight, they acted with a minimum degree of decorum, they did not play the imperialist game, but on this occasion Poland and the CSSR, joined by Panama, voted with the NATO member countries. No, they did not vote, they cosponsored the motion; they did not even have to vote, they did that for free. They did not have to address the commission, but they went there to cosponsor the anti-Cuban motion.

Furthermore comrades, two other countries, not Poland and the CSSR because in those countries the right-wing opposition, the pro-capitalist opposition has taken over the reins of government....[changes thought] The most surprising thing is that those two countries still have two allegedly communist parties, or former communist parties. The party names have already been changed. The first surrender, the first betrayal begins when you are frightened by the name your party has had for many years; when you renounce the word communist, when the party stops being a communist party to become a socialist or whatever else party. They do not even know what name they will give the party. These are alleged communist parties with different names. They not only changed their names but they changed their coats, changed their face before the world. These two countries still have parties that until recently were called communist parties, yet they voted on the side of the United States and against Cuba. Hungary and Bulgaria, Hungary and Bulgaria—observe the great change, progress, advances, and revolutionary changes, they made. They have fallen on the lap of the Yankee empire. This is an example of denial of all progressive things that have taken place in the world; it is a denial of justice. Until yesterday these were allegedly socialist countries, yet today they do something like this, side with the Yankee empire, with the enemy of humankind, the oppressor of our peoples, the invader that once invaded Vietnam and murdered millions of people.

On another day, he invades Grenada. On another day, the invader bombs Libya. On another day, he organizes a dirty war in Nicaragua. On another day, he organizes a dirty war in Angola that costs hundreds of thousands of lives. He causes dirty wars everywhere, interventions everywhere, up to the recent intervention and invasion of Panama, and he threatens others. The revolutionary movement has always distinguished itself by its position of principles, by its brave position, by its firm position against everything that represented colonialism, neocolonialism, and imperialism. What is left of those country's decency? What is left of socialism? What is left of the socialist community and what can remain with that repugnant behavior?

Despite all the pressures, our country has remained firm. India remained firm. Mexico remained firm. Twelve countries voted against the motion while 12 others abstained, a total of 24 countries. When the Yankees do not get the majority vote, they beg, they demand abstentions. That is the kind of pressure they use. They know that each nation that is discounted is a vote and each nation that changes positions counts for two votes, one less for Cuba and one more for them. The United States gets its majority votes from NATO members, some tainted countries, that cannot even.... [changes thought] They got their votes from other small countries, some of them tainted small countries, their NATO friends, some tainted members of the Third World, two so-called socialist countries, and the military-occupation government of Panama. They got votes from two so-called socialist countries which besides being in a hurry to regret, are in a hurry to erase that page from their history in which they called themselves socialists.

At this time, when the imperialists threaten other Latin American countries; when they threaten to intervene in Nicaragua if things do not progress well—they threaten to intervene anywhere—when they threaten our country; when they try to impose a worm station against us, a subversive television station that will penetrate our channels, which according to all international laws are ours and are not renounceable; when they threaten our country with aggression; when the imperialist's threats are greater, Poland and the CSSR cosponsor the document. Bulgaria and Hungary, members of the commission, vote against Cuba [pounds podium once] thus feeding the imperialist's aggression, the imperialist's triumphalism, the imperialist's warmongering, thus giving the imperialists justification and excuses to be more aggressive against our country. That is why one day, if one day they dare to invade our country, if one day they dare to invade this country and they cause rivers of blood to flow, it will not just be our blood, but it will also be their blood. [applause] [crowd chant indistinct]

If this occurs someday, those countries, those governments that until yesterday were part of the socialist bloc will also be responsible for the blood that is shed here. The blood will also fall on Poland and Czechoslovakia. I am saying it here; they will be responsible for the blood that is shed here. And it will fall on Hungary and Bulgaria. I will not say on their confused peoples; it will fall on their leaders, their governments, which have been capable of writing such a vile page in history.

We have an idea of what principles are, and of the times the imperialists have attempted to make us abandon our principles. It is as if tomorrow we were to sell out the Puerto Ricans, whom we have defended at the United Nations for 30 years, so the Yankees would give us a loan, do us a favor. It is as if tomorrow we were to sell out the cause of the Salvadoran people, as if tomorrow we were to sell out the cause of the Sandinist people, or as if we had sold out the cause of the Angolan people in the past, or as if we had sold out the cause of the Namibian people in exchange for imperialist favors, or the cause of the Palestinian people, or the cause of the black people of South Africa. We have never ever even played around with principles to receive favors from the imperialists.

And our people have been imbued with this spirit, this awareness. And this spirit is the reason our people cannot be sold out; principles cannot be trampled on, principles cannot be sold out. In this spirit the pure, extremely pure, soul of our people, of our revolutionary people, has been formed. We have never, ever, under any circumstances, betrayed a principle here. We have never played around with a single principle here. And we have always been in solidarity with the socialist countries, even in the Olympic Games. When the only tie between Cuba and the United States was sports, we did not go, and we did not go to the other ones, because we do not sell out principles. [applause]

And if we did not yet see it clearly enough, if there was still a remote doubt in some hidden little place in anyone's mind—and I do not think there can be any—we thank the leaders of Poland, Czechoslovakia, Hungary, and Bulgaria for what they have shown us, for what they have contributed to clarifying our revolutionary awareness, for what they have contributed to deepening our sense of dignity and honor, for what they have contributed [applause] for what they have contributed [reapeats] to our feeling more revolutionary, if that were possible; more socialist, if that were possible; more Marxist-Leninist, if that were possible; more followers of Marti, if that were possible; [applause] and more disciples of Antonio Maceo, more the standard-bearers of that indelible dignity that he handed on to us at Baragua. [applause; crowd chants: "Cuba will be an eternal Baragua!"] For making us feel more repugnance for those who, in the heart of the international revolutionary movement, have signed a colossal Zanjon Pact with imperialism, for making us feel more repulsion and more repugnance for this treason, thank you.

All this teaches us, intensifies our revolutionary convictions, makes us tougher, makes us more firm. Recently, we also witnessed another historic lesson that occurred in Nicaragua. Our press wrote about it and explained the situation. It indicated certain elements that explained the setback suffered by the Sandinist front which even surprised the imperialists. They were not expecting it. They were expecting a Sandinist victory at the head of a process so weakened that it could barely sustain its revolutionary banners. The Sandinists had to accept the results of elections that were held in the most adverse conditions in which elections could be held, amid the dirty war imposed by the empire and the threat to renew that war with the thousands of bandits quartered in barracks in Honduras. The elections were held amid the hunger caused by that dirty war, amid the economic destruction and the crisis created by that war, in conjunction with the crisis that all Third World countries are experiencing. They felt obligated to hold elections shortly after, just a few weeks after the collapse of the socialist field.

It is also true that the Sandinists had to make many concessions in view of the difficult situation they faced. One must say that among the factors previously mentioned, the dirty war is the one that caused the most damage. It led to more than 50,000 deaths. The war was internal, a civil war.

I recalled our own experience, how we carried out our internal struggles. We always did it with volunteers, volunteers [repeats]. Volunteers fought in the Escambray against the bandits for years. Volunteers came from throughout the country, from the capital of the republic. On one occasion, we mobilized 40,000 workers to fight the bands. At the end, after a long fight, they were eliminated by 10,000 workers and peasants organized into fighting battalions against the bandits. They were all volunteers.

In Giron, those who fought against the mercenary invaders were volunteers. In the internationalist missions, in Angola and in Ethiopia, everywhere, the combatants were always volunteers. No soldier was sent to fight in Angola or anywhere else. Only those people who requested it were sent and they asked for it with insistence and demanded the opportunity to do so.

The Sandinists felt obligated to wage an internal war against the bands organized by the United States with youths from the military service, youths who were drafted. That was one of the aspects that was a great blow. Incessant messages were conveyed to mothers because that war, imposed by the imperialists, was hard. Thousands of those soldiers died. They were certainly excellent and brave soldiers. The fact that they were drafted soldiers who participated in the war served as raw material for an incessant campaign against the Sandinists. It also served as material in the elections for the mothers who had children in the service, for the mothers who had children who could go into the service, or the mothers whose children were reservists, who had this on their minds.

The opposition blasted the Sandinists throughout the entire campaign and promised things like the war would end, the draft would be eliminated, the economic crisis would end. They said things that only the imperialists could offer. They offered to put an end to the war because the imperialists organized the war. They offered to put an end to the economic crisis because the imperialists organized the dirty war that worsened this economic crisis, because the imperialists blockaded the country's economy for years.

The imperialists told the people: The economic crisis will end if the opposition wins. The blockade will end. Large quantities of money will be brought in. Then they told the people: The Sandinists cannot resolve the crisis. The Sandinists will not get help from the United States. [clears his throat] The Sandinists cannot get help. They will not receive the help, the cooperation they received from several socialist countries because their friends have been defeated. Do not think they got a lot of help, except from the USSR, but at least they got some assistance. They received more from some countries than from others. From some countries they received very little help because to some, the word "help" is a kind of dirty word. However, there were some countries who gave some help. Some gave more than others. The message [clears his throat] of the opposition was: The

Sandinists will never be able to resolve the crisis. We will have to receive assistance from the United States because the friends of the Sandinists have collapsed. That psychological element influenced the elections. That process was characterized [clears his throat] by a large number of voters who were undecided until the end.

And in the end, the anti-Sandinist opposition on the one side, friends of the United States, allied to the counterrevolutionaries; and on the other side the Sandinist people. In the end, the undecided decided, and the sum of these factors caused the Sandinists' electoral defeat.

They had no choice but to recognize the result of the vote, since they had committed themselves to it. If they had done otherwise, they would have been isolated from the world. They invited thousands of observers, and you cannot hold an activity of that kind, join in that game, without accepting the rules of the game. So they had [clears throat] no choice but to declare what they did declare.

I should say that the Sandinists also made subjective mistakes in this process, but we—as friends of the Sandinists, and especially at a time when they have had a setback—are not the ones to set ourselves up to point out what the Sandinists' mistakes were in our opinion. Self-criticism, examination of the mistakes they made, falls to them, not to us. We should support them, we should be friends with them, we should only be in solidarity with them. [applause]

However, there is a great difference between the Sandinists and those political forces I mentioned before, and the difference is that the Sandinists are revolutionaries. That is the difference. [applause] They have suffered a heavy setback, but they are revolutionaries, and they have reacted like revolutionaries. They have kept their word. They have recognized and complied with the result of the vote. But almost half the inhabitants were on their side: the most combative, firm, determined, aware people, the people that hold patriotic, nationalistic, anti-imperialistic ideas most dear. More than 550,000 Nicaraguans voted for them, even under those extremely difficult circumstances.

And now an unreal situation has been created. And although the imperialists wanted to see their conspiracies and machinations succeed, they find that they may have complicated the situation in the country even further. Because as I say, it is an unreal situation. Why? Because on the one side we find the bands armed and trained by the imperialists, camped in Honduras, some of them inside Nicaragua, and some of them crossing the border into Nicaragua in a provocative way. On that side we find a government, supported by the United States, that includes a coalition which includes a number of former heads of the counterrevolutionary bands. On the other side we find the revolutionaries, the Sandinists, and hundreds of thousands of weapons in the hands of the revolutionaries.

Fancy such an unreal situation. Imagine if 10 years after the Cuban revolution's triumph we were told that somewhere in the country, or somewhere on the country's border, the Batista followers were armed to the teeth. Here we have the case of a government coalition that received U.S. support and arms support. Imagine a government of Batista followers without Batista and with the people armed. Can you imagine the unreal situation that has been created in that country as a result of that process?

It is not our job to lay down the guidelines. Nor do I think the Sandinists need anybody to lay down guidelines for them. Sandinists are, however, revolutionaries, and by 27 February they had already reacted from the crushing blow of a defeat they did not expect. Strange things, strange things happened in Nicaragua. The people were not joyful, they were sad. The people themselves were baffled, as if they instinctively understood the situation that had just been created. The masses went spontaneously into the streets.

On 27 February, the Sandinists stated a series of essential points. They said that they would recognize the opposition's victory and that they would turn over the government, but that in strict compliance with the Constitution the Sandinist People's Army and the Interior Ministry could not be touched. The Sandinists stated that the revolutionary laws could not be touched, that the land could not be returned to the owners of large estates, that the urban parcels given to the people could not be returned to the former owners of large estates, and that government employees could not be touched. The Sandinists stated seven or eight points through which they defined their policy. In other words, the Sandinists had already reacted, and they reacted in a revolutionary way.

Try to imagine the return of the [contra] groups under the current circumstances, and those groups are neither interested in disbanding nor willing to disband. Those who are not acquainted with the mentality of those rebels, of the reactionaries.... [changes thought] They think of themselves as the authors of the Nicaraguan opposition's victory. They think that the opposition won the elections thanks to their efforts and their quote, sacrifices, unquote. They see themselves as the authors of the dirty war, of the war that weakened the Sandinist government. They hold themselves responsible for the death of thousands of youths that served in the Nicaraguan Patriotic Military Service. They consider themselves responsible for the destruction of the Nicaraguan economy. And they are now claiming their share of the booty. They talk with contempt about the Nicaraguan politicians since some of their former leaders are now part of the opposition coalition and will be part of the new Nicaraguan Government.

Anyone can foresee the way those rebels are going to act and the demands they will make on the government. Anyone can foresee the thirst for revenge and vengeance that will accompany their armed return to Nicaragua—

because it is possible that if the United States tells them to disarm they may answer no, because they are spoiled kids. They believe themselves to be the olympic champions of the Nicaraguan elections. You can imagine the spirit of revenge, the amount of ambition, the pretensions with which they will return to Nicaragua.

An unreal and absurd situation has appeared in Nicaragua because of all the elements I have explained to you. That situation entails high risks of conflicts and a civil war. Such conflicts will contribute to the destabilization of Nicaragua and all of Central America. In other words, there, where the imperialists thought they had achieved a great victory, they have created a potentially greater revolutionary situation than the one existing before the elections.

It is said that one of the most distinguished U.S. observers who attended the Nicaraguan elections sent a message to his government, saying: We wish our predictions had become a reality here. We wish the Sandinists had not been defeated.

I was telling you that the people reacted with sadness. However, according to news we have received, there was something else there. Many, many Sandinists, some people who thoughtlessly voted for the opposition—for one reason or another, out of resentment or bitterness—then told their relatives, the Sandinists themselves, and everybody, that they regretted what they had done. [applause]

However, the damage was done, the evil was present, and then it led to this unreal situation that we are explaining now. Do not believe that it is easy to make this analysis from here, where we are addressing all the members of the congress, the people, and national and international public opinion. But this is what I can say to you so you will know the elements of the situation in Nicaragua and in Central America.

There is an important problem concerning our cooperation. At one time, there were thousands of our fellow countrymen there, including 2,000 teachers. At present, there are about 1,000 volunteers [colaboradores]. There are some military volunteers, but not too many. At one time, there were many more. There are volunteers in the field of education and in nearly all fields. One day we had to help repair a thermoelectric plant; later, we had to cooperate in the field of agriculture; another day we might have had to cooperate in the field of sports. We have many civilian volunteers in many fields, in many branches.

For example, there are several hundred builders in Bluefields, including about 50 women. The two branches having the greatest number of people, nearly two-thirds of the volunteers, are in the medical fields and involved in the construction of Bluefields.

Now, another situation has come up: What should we do about our cooperation? Is that our only cooperation? No. We have never talked about this, perhaps we would not have mentioned it if these circumstances had not arisen, if it were not necessary to analyze this problem issue of cooperation.

For many years our country has been supplying the northern part of the Atlantic Coastal area with rations for 50,000 people, including food and other articles of personal use. We are supplying rations for 50,000 people all year round. Three or four times a year, about every four months, a ship sails there and takes the food and articles of cooperation. The Sandinists asked us for this once, for one year. Since communications by land were so bad, to take those supplies, they asked for our cooperation, which we have been providing.

Every year, our country was donating 90,000 tons of fuel to the government—90 thousand tons of fuel that we tore from our souls. If you want to know what 90,000 tons of fuel represent, just imagine that all of the embankments and highways that must be built, to fully develop our tourism, would require approximately that amount. In other words, 90,000 tons of fuel would be used for building all the embankments and highways that are included in the country's tourism projects. I am referring to the cost of the fuel. And that is what we were giving every year to the Nicaraguan Government, to the Nicaraguan people .

We were building a town with 1,000 houses to repair the damage done by the hurricane. This is aside from the hundreds of thousands of Nicaraguans whom we are helping. We had to make a decision, but we cannot make any decision that could appear as a reprisal for what has happened there. In this new situation, we will have to make a decision, bearing in mind the opinion of the Sandinists and of the new government authorities in the new situation.

There have been public statements, but they have not said anything officially, nor do we have any contact with them.

However, it is a fact that we can no longer continue to offer some of our aid. It is possible that we would have had to tell even a triumphant Sandinist government, with better economic possibilities, that, in view of our own problems, it would be very difficult for us to continue sending those supplies to Nicaragua's northern Atlantic coast. We would have had to say that it would be impossible to continue sending 90,000 tons of petroleum, I repeat, because of our own problems. Therefore, our cooperation will not continue at the previous volume and level.

There is yet another more delicate matter: What should we do regarding the people? We made an offer to those who lost their homes in the cyclone. What should we do with the hundreds of thousands of Nicaraguans who are receiving our medical assistance? For our part, we cannot withdraw this cooperation. If the new government wishes to suspend it, it may do so. That would be its responsibility, not ours.

If the Sandinists agree, and it is essential that we ask the new authorities whether they agree, and if they do, we would be willing to continue reconstructing that town; we would continue to offer our medical assistance—which is not easy to replace, of course—as long as there is security for our personnel and stability and peace in the country. Under no circumstances would we continue if the situation worsens and clashes between counterrevolutionaries and Sandinists intensify; if the lives of our volunteers are at risk, then we will not be able to maintain any kind of cooperation amid such conditions. [applause]

This is basic; we must start from this premise. I want to seize this opportunity to explain our position toward this new situation in Nicaragua. Of course, the newly elected authorities must decide whether they want the civilian cooperation to continue.

As for military cooperation, it is inconceivable that we will maintain it, because the new government has frequently voiced its dislike for the Cuban revolution. That is not the only reason, but it would be absurd to maintain our military cooperation amid such conditions.

That is our opinion. Therefore, as soon as the new government takes office, we will withdraw our military cooperation. Maybe even before that. This matter will have to be decided with the Sandinists. In a situation as complex, as complex and as filled with risks—and risks of conflicts—we will not have groups of volunteers left isolated, as they may even be accused of any kind of problem that may arise or may be involved in clashes that may arise there. What will happen there? Will the bands lay down their weapons? Will they enter unarmed? Who are the bands going to attack now? The Sandinist force or the government they themselves supported?

This is a very complex and absurd situation, in which we feel that the minimum conditions do not exist whereby we can maintain our military cooperation, even if dealing with the current army, even if dealing with the current revolutionary army. This is how we regard the situation.

Anyway, we must continue following the developments. I have not much else to say to you. However, I want to discuss two topics you brought up here and analyzed a great deal. You had a long talk about the food program, and you had a long talk about the special period [not further identified]. The food program does not just consist of planting lettuce, tubers, vegetables, and fruit trees. The food program is much broader, and it covers a number of aspects. Included in the food program is the construction of 200 new dairy farms every year. We are working on six fronts. Camaguaey is the largest one, where 60 dairy farms are built every year. Then we have the ones in Ciego de Avila, Las Tunas, Sancti Spiritus—how many have I counted?—Camaguey, Ciego de Avila, Las Tunas, Granma—we mentioned Granma—Sancti Spiritus, Pinar del Rio. There are six. I know there are six. Are the six there? [Unidentified persons make indistinct comment] All right. We did not miss any dairy front.

They are working intensely in that program. We estimate we will build 1,000 dairy farms in five years. We estimate that if all goes smoothly, in a period no greater than six or seven years, we will manage to double the current milk production. This is an important part of the food program. This will not be done based on the increase of grain imports but based on feeding cattle the well-known sacharina [sugar cane by-product used as livestock feed], which is a food rich in protein and carbohydrates that was developed in our research center. So now we are raising production. This year we will produce 400,000 tons of sacharina in moist form and less that amount in dry form. For the next year, we are proposing to reach a total of 1 million tons of sacharina in moist form. All this requires investment, and we are working at a fast pace. Therefore, in the future, with the same quantity of grains we use today and by adding sacharina, we plan to double milk production. However, all this takes time: making investments, building dairies, and building up the cattle herd. It is a new program that needs the most time.

At the same time, we are building 50 complete hog-feeding centers in three years. Some of these centers are new and the rest are made up by expanding other centers. The goal is to double pork production in that three-year period without increasing grain imports. This is very important. Pigs can eat a certain percentage of sacharina, but not as much as cows. Pigs can also eat protein-based honey, another product that is a result of our country's research. We now mostly use food leftovers. To double pork production we plan to base our food supply on food leftovers, liquid [word indistinct] plants, and partly protein-based honey. In the future we expect to surpass 200,000 tons by also using more protein-based honey. We therefore have the pigs' basic food.

Another part of the food program is to build about 1,800 sheds to increase poultry and egg production. In about two to two and a half years we plan to increase egg production by 700 million. This poultry program serves to increase meat and egg production.

We also have the rice plan using an irrigation system called a rice engineering system, which nearly doubles rice production. Right now we have seven brigades that can each cover 1,000 hectares yearly. By the end of the year we plan to have 15 brigades, so we will be covering about 15,000 hectares each year, and by 1991 we will try to have 30 irrigation system brigades to fulfill this program in five or six years. This is for rice.

We have the food and vegetable plans. Some plans have already been mentioned that use these new techniques, such as irrigation by microjets. Sixty thousand hectares of irrigated land have been added for food and vegetable production using new techniques. This is part of the program.

We are also boosting sheep, rabbit, and goose production and extending this all over the country as an alternate source of protein. Especially important are the plans for increasing sugarcane production. Sugarcane is not only for manufacturing sugar or for export. Sugarcane has become a very important source of food for cattle and sheep, and also in part for adding fiber to food. Poultry can be fed with up to 10 percent of this, pigs can eat a bit more, and so on. Sugarcane is not only an important source for increasing sugar production but also for increasing food for the country. It is not only the sugar that we eat, but, thanks to it, milk and meat production are increased. This is very important.

I take this opportunity to explain that the food program is much more ambitious. The country is making a tremendous effort.

The country is making a tremendous effort. We have recovered our hydraulic possibilities. Work is being done simultaneously on 30 dams. Along with the work being done on the dams, work is also being carried out on all the canals and irrigation systems. Unfortunately, at a given moment, some dams which were completed in 1974, 1975, have not had the canals built 10 years later. Now, overall development plans are under way for hydraulic projects, for the construction of dams, for the search for new sources of water, prospecting of current sources, to construct the canal of [word indistinct], south of the...[changes thought] southwest of the province of Havana. Another dike will be built east of the province of Havana to prevent the water from escaping into the sea during certain periods and to allow more water to be available. Work is being done to pipe water from Matanzas to the province of Havana. Dams are being built on the other side of the mountains. A dam is being built on the Mayari River which will contain 600, 700 million cubic meters. The tunnel project is under way to pipe water from the Mayari River to Holguin territory and to Tuna territory. These projects have already been discussed. The brigades are being organized. In the future, we plan to move water, even from the Sagua River and Levisa River, through tunnels to the plains and farming lands because there is no agricultural land there. Work is being planned on the Toa to pipe part of its waters. There are plans to soon build a dam on the Yatera River to help the Guantanamo region in its development and desalinization process.

There are very ambitious plans being carried out. Virtually all of this is intended with a view to agriculture. The citrus plans will continue to be developed for exportation and domestic consumption. These are overall plans. The people are working very hard on all of these plans. Fortunately, we have tens of thousands of technicians which the country has never before had. The research centers are working at an accelerated pace. We built a factory to make irrigation equipment like the (?Fregat) type. Last year we built some 400 [not specified] and this year we plan to build some 600 [not specified]. The factory was built to be capable of producing 1,500 systems which are enough to increase, by more than 100,000 hectares, the yearly irrigation of that system, aside from other irrigation systems. An enormous plan is being carried out. Not much publicity has been given to it, but work is being done seriously. The companeras who come from the provinces know what is being done there. They know it. Perhaps they do not know what is being done in the other provinces, but they do know what is being done in their provinces.

After having set down this principle, this idea, this information of what the nutritional program is, it also includes what all the companeras proposed here; what is being done in the mountains, the Turquino Plan, on the second front, in Escambray, in Pinar del Rio, and everywhere to develop the production of food products, coffee, planting trees, producing honey, etc., in addition to the Turquino plan.

I am explaining these things which we have called the nutritional program so none of our companeras will have the impression that the nutritional program is the cultivation of vegetables, fruits, lettuce, and fruit trees; is that clear? [Crowd responds: "Yes!"] I will explain. You mentioned something else that is very important, which is the special period. You mentioned this. Some say we are in the special period. We are not in the special period, but almost. Nonetheless, we still have the hope that we will manage to prevent the special period. There are two special periods. The special period we have been analyzing, studying, and preparing for for years is, in the event of a total blockade of the country, what would we do if there is a total blockade of the country, what measures should be taken under such conditions, in the event that we could get absolutely nothing from abroad, and what would have to be done if these actions are accompanied by military actions. We must study plans about what would have to be done in the event of an occupation and invasion of the country. What could be occupied here? I would like to know what can be occupied here, for example, this city I imagine can be occupied. [laughter, applause]

However, our party and our Revolutionary Armed Forces have studied the worst possibilities. How should we wage a war in case of a total occupation? [Words indistinct] in case of an aggression against country; in case of a total naval and aerial blockade; not a single bullet would get here [words indistinct] all the bullets [laughter] the rifles, mines, and grenades; all of these should be ready in advance.

And we are now bringing more iron; those who are coming from the fraternal People's Republic of Angola are bringing it. We are also manufacturing it. Also, the figures here are in the millions. We have millions of men and women, millions of men and millions of women [repeats himself], you know this well. [applause]

All the people, all the people [repeats] are members of our Army. We have been preparing ourselves for nearly 10 years, preparing ourselves for this. However, there is now a new situation that could create such serious problems that we could be forced to face a special period during peacetime. We must decide what to do should our economic relations with those formerly socialist countries continue to deteriorate.

And if serious problems should emerge in the USSR someday—listen carefully, because this is very important—if the USSR were to face serious problems, and although we have already said that we hope such problems will not occur—we have the basic duty to assess what the consequences will be. The USSR has maintained a firm posture in its relations with Cuba.

Recently, there was a big Yankee scandal because some MiG-29 planes arrived. Those planes were scheduled to arrive about five years ago; they were scheduled to arrive during this five-year period, they are arriving in 1990. This is a basic Cuban right; this is part of an accord signed a long time ago, and it is being said that this poses a security threat to the United States. Imagine what shamelessness and [word indistinct] to (?pick on) a destabilizing country; it seems the United States is the most stabilizing country that the world has ever seen [sentence as heard]. The United States claims that this is a serious concern.

The imperialists have even said that Cuba is the biggest obstacle in the improvement of relations between the USSR and United States. Apparently, the United States hoped that the USSR would forget about Cuba; that it would not honor any of its commitments with Cuba; that it would abandon Cuba; and it would join the U.S. economic blockade against Cuba. Apparently, that is the empire's dream at this time. It knows that Cuba is a thorn in its side, not just a small thorn, but a thorn, a bone stuck in its throat that will not sell itself out or surrender. They know this. They know that Cuba is like this. [applause]

They know that Cuba is a courageous people with heroic traditions and a beautiful history. They know that Cuba fought against Spain alone when we had only 1 and one-half million inhabitants and when there were plenty of guerrillas, when the revolutionary population was a minority. And when we fought alone for 10 years in the eastern area, Camaguey, and [word indistinct]. They more than once dreamed about reaching the western area, but they were unable to do so. It is said that the famous Battle of Guasimas weakened their forces. They were able to carry out the famous invasion many years later to spread the war throughout the entire country.

They know Cuban traditions. They know that Antonio Maceo [Cuban hero of independence] lived here once. Maceo did not live in vain and we will not let him down. Maceo said this famous phrase: Those who may attempt to get control of Cuba, etc., etc., will pick up the dust of their land flooded with blood if they do not die in the fight first. [applause] Look, I think Maceo said this in 1895 when there was some talk about Yankee intervention. That was the same Maceo from Baragua, the same Maceo of 1878. Almost 20 years later, Maceo still had the same idea in his head. [pounds table four times] We inherited those traditions and the Yankees are aware of that. They know that we have all those sacred values. We must never forget those values, because they provide us with dignity, security, honor, and confidence. They know that this people.... [changes thought] and they know that not even the most sophisticated weapons can destroy the resistance of people determined to fight.

We have the example of the Saharan people. Here we have a Saharan delegation with us. In that empty desert, where there is practically not one soul, only sand, they have maintained their heroic war for many years. [applause] The Yankees have invested hundreds of thousands of weapons, billions, and the most sophisticated equipment, and yet they cannot defeat the Saharan people, who are not that many people but who are extremely brave. The Yankees are aware of that.

The Yankees know that they have this thorn stuck here. [pounds table three times] Other things may collapse around there, but this will not collapse. [pounds table once] [applause] We can tell them.... [Crowd shouts indistinct slogans] We can tell them that this will not collapse. They know that this will not collapse. They cannot make it collapse. They may have dreamed that they made it collapse. We can tell them what our little comrade said yesterday—how did she say it? We can tell them: Let them exhaust themselves trying! [crowd laughs] I think that is a popular phrase. I did not know it, but I heard it yesterday and I realized its meaning. Let them exhaust themselves trying! Is that right, little comrade? How is it? Oh, let them exhaust themselves trying, or I will exhaust them! [Words indistinct] [applause] [Words indistinct].

Once again they are underestimating us. They have spent a whole lifetime underestimating us. They underestimated our revolutionary groups. They underestimated our possibilities when they imposed the economic blockade to destroy us. They underestimated us at the battle in Playa Giron. They underestimated the October crisis. They are always underestimating us because of their arrogance and prepotency, which blinds their intelligence.

They would like the USSR to help them with this. However, the USSR resists all measures that entail noncompliance with the agreements signed with our country. The case of the MiG-29's was an example of that. The USSR is making the utmost efforts to comply with its economic agreements, as do we, despite the difficulties. The difficulties the country is facing are well known. We know for a fact that the USSR is making efforts to comply with its agreements, although sometimes there are delays, problems, or difficulties in acquiring raw materials that were obtained throughout history and that cannot be obtained now because of their objective problems. We have those types of difficulties.

However, the Yankees are desperate and irritated to the point that they are saying Cuba is the greatest obstacle to improving U.S.-USSR relations. Logically, the USRR wishes to improve its relations with the United States and develop its economic relations. However, the United States said: We have to crush this, we have to crush the entire Caribbean; we must crush all of the people in the Caribbean; and all of the communists of the Caribbean have to be crushed. They settle their problems with the Siberian communists, from those cold countries, but they do not want any kind of peace with these revolutionaries from the Caribbean. They think we are too close to them, and also, we are in the same hemisphere; we are in the Third World, and we are an example.

Besides, they have always dreamed of taking over this country. Right now, they are planning to annex Puerto Rico. The Latin American peoples must wage a great battle to prevent such a crime from being committed. It is the duty of the Latin Americans to think more seriously about the Puerto Rican people. It would be a tremendous dishonor for Latin America to let the United States annex Puerto Rico. However, they have those plans. They thought Cuba was already a ripe fruit, but this fruit has escaped their hands, and it has become an example of dignity, resistance, and of courage for all peoples of the world, and not just for the Third World.

There are thousands of millions of people in the Third World. Serious problems will arise shortly in the Third World because of the tremendous lack of stability in these countries, the tremendous hunger they are suffering, and the looting which occurs. This business of dreaming that the revolutions will come to an end, come what may, is nothing but a dream. The people will react to the hunger and the poverty, an unbearable situation that will continue to worsen. A reality [words indistinct] and imperialism sees in Cuba an example that is encouraged by everything that has happened.

The imperialists are so bold, so shameless, that they are telling the USSR to end its relations with Cuba. I have already said what our hopes were at the beginning. However, we have the duty—and I have been very clear about this—of preparing ourselves well should there be serious problems in the USSR. That is clear. That is something we do not want and hope will not happen. However, we have a basic duty to prepare all of our plans based on this. I already said that on 26 July.

We must be prepared to resist even though there could be serious problems in the USSR. If we are left all alone, we must be prepared to resist. Is there actually any person in this country who has self-respect, honor, and a basic love for the fatherland who is willing to surrender if we are left here all alone? [Crowd shouts: "No, never, we will never give up!"] And you will not give up! And when we are left alone, we will be very well accompanied because we will be accompanied by the most just causes and ideas of the world. [applause and indistinct chants, slogans]

We will uphold the flag [Crowd shouts: "We want to struggle with Fidel; we will struggle for Fidel!" and other indistinct slogans, applause] We defend the most beautiful flag that has ever been raised in the world, the highest dreams of the human being; we defend the wishes of all human beings of man in the full sense of the word, and I am referring to men and women. To avoid repeating myself, when I say man, I am referring to the human species.

We will not give up [words indistinct] and we are not willing to give up to them, no matter what. These things that you have talked about here, these things you have mentioned and explained here of what socialism has meant for our people, of what socialism has meant for the people, you actually understand this better than anyone else.

And everybody understands that better all the time. Our young people understand it. I enjoyed spending those two days with the expanded national council of the Federation of University Students. It is marvelous to listen to those young people. What talent, what insight, what revolutionary spirit! That is what socialism achieved in our country. That is why I say that were we to be left alone—and some are saying that Cuba is isolated or will be left alone... [changes thought] If the Yankees land here, we will be doing the fighting. We appreciate international solidarity a great deal. To be sure, we have always taken advantage of it a great deal. There are people who, because they were communists in the past, want to be forgiven the sin of being communists by criticizing or attacking Cuba.

Yes, they are saying we should do this or that. Before, a group of people insulted us calling us a Soviet satellite. Now, we have another group of people insulting us because we do not do what the Soviets do. [laughter] So I say, when can we do as we please? [applause] We cannot declare ourselves independent. Is there another country more independent than we are? Is there a country ready to face the empire next door, and the whole world if need be? There cannot be. There cannot be a more independent country. Yet, we are independent at the cost of our bodies, blood, bones, soul, courage, and talent. The empire knows that too.

It knows that the people have a very high level of education. Other countries of the world, or any other Third World country, do not have a higher level of education. Our level of education is higher than the United States'. There you have many people who do not even know where Mexico is located. Even Reagan arrived in Brazil and began talking about Bolivia. Yes. [laughter] They know nothing there. They certainly know nothing about politics. They are politically ignorant. That is why chauvinism prevails there, and the governments exploit that. The United States invades little countries, and it says it had a colossal victory. It invades Panama, and we hear cheers. Their weeping begins as bodies begin to arrive, when coffins begin arriving in their country. And we can provide a large quantity of those [laughter] if they attack Cuba. We can provide huge amounts of those, so they do not get bored and stop weeping a single day. [applause, crowd chants slogans]

Enough. Here is the essential thing. We must be ready for the worst circumstances, and we will feel more at ease and confident. That would be a special period in times of peace. There is a big problem in the USSR. If we cannot receive the supplies we get from the USSR —oil supplies are very important in a country where the living standard, everything, is based on the consumption of 12 million tons of oil—all our programs and our consumption of everything will still continue. What would happen if all of a sudden we did not have 12 million tons? We have to know what to do if there are 10, eight, six, five, or four tons of oil. We have to know if this happens during peacetime, as I am not talking of times of war. This is what we call a special period during peacetime.

We already have the essential supplies from the USSR, including oil supplies, so while we may have serious difficulties stemming from the situation in East Europe, it will not be very hard. It will not be very awful, well, not as awful. We will see how we make do. If we have to wage this battle during peacetime, then that is what we would call a special period—in a period of peace.

Take a careful look at what is going on in the USSR, and you will more or less be able to decide whether the danger of a special period in peacetime is drawing closer or going away. If serious domestic conflicts were to explode in that country, we could say that we were already in a special period. We would have to adapt our lives and the country's entire economy to this situation. I talked about this with the students. You were there at that ceremony and I noticed that portions of what I said to the students on the special period were aired.

In that special period, there would be one essential thing: We would have to completely stop social development. We would have to stop the construction of schools, child-care centers, polyclinics, and houses. We would have to stop building all those things that we build during normal times; we would have to stop social development. Perhaps we would have to do without social development for one to five years.

However, what we must not stop is economic development. We could not stop that. We must say: Well, the food program must continue in such circumstances; this is essential. The development of the sciences, all these new biotechnologies and pharmaceutical industries which are becoming very important branches [10-second break in reception] from an economic standpoint. We would have to continue them.

We would have to continue the development of our export industries and tourism plans. Amid these circumstances it could be that we might need 1 and one-half million tons of cement instead of 4 million tons; that is, one-third of the cement we previously needed because most of the cement is used in the other things we do. However, we would have to continue all our strategically important programs, our program to build dams, canals, irrigation systems, and our program to build hotels and [word indistinct].

We would have to find export resources. We would move from a very difficult situation to the later realization that we were only facing a situation that looked very difficult at the beginning, and then to the realization that it was not that difficult. We must think what could happen if instead of 10,000 [word indistinct] instead of 30,000 in the capital; how would we do that? We must think about all these things.

Our comrade said that she sometimes does not have electricity and air-conditioning [10-second break in reception] a good portion of our electricity capacity would remain and perhaps we will need to use one-half or one-third of the electricity we are used to. Another problem is how we will distribute it to ensure that each person receives some electricity. The most efficient plants would remain. I am thinking of ideas.

We need not say everything that we think about this. What I want you to realize is that we are spending time analyzing how to adapt the country's economy and life to the special period that might emerge during peacetime because we have analyzed everything for wartime. However, this situation of a special period during peacetime has not yet been discussed. We do not want to say what our strategy is; we have many ideas about all of this.

If we must spend five years without building a home, and that is the price we must pay to save the revolution, then we will spend five years without building a home or a day-care center. However, we are doing a number of things at this time that would allow us to believe the country will continue to develop, even during a special period. We would not change anything.

Amid such circumstances we would have extra equipment. We would have an excess of construction equipment and many other things that we are now fervently searching for everywhere. We would have to make all spare parts here, but this does not mean that we would overutilize the equipment, but that we would store and maintain it. We would stop an industry, but would preserve it.

I will not give any more ideas. I want you to know that the general principle is that whatever little we have, we would share it. Not even during a special period will we have beggars here because nobody [applause] will lack food. Whatever we have will be shared; we will share electricity; we will share everything.

Whatever there is will be distributed. Electricity will be distributed; everything will be distributed. We may have more hands than we need, but there will not be anyone out in the street. Chances are we can give them books to read, to study, to educate themselves, a little bit of time for television, for the radio, for all of that. Perhaps citizens can have a much better time for a vacation during a special period. We may get to where we may need more hands. Agriculture would continue to be developed. The sugar harvest would continue to be carried out, even if we have to use oxen, mules, whatever. But hydraulic construction, all of those projects of development, the production of foodstuffs, agriculture, etc., would continue to be priority projects. We would try to look for ways so people would not have to travel so far to do things. I think that with this I am telling you quite a bit of what could be a special period in times of peace.

The Yankees have the hope. What is their philosophy? Their philosophy is to wait and see what the outcome is, trusting that the problems here will worsen. In the USSR, they dream that the USSR will disintegrate. They have serious problems, because the USSR can go toward capitalism and therefore Cuba would not be able to resist. That is their dream. Another of their dreams is to divide, to see how they can divide. That is their greatest effort and the most difficult task they have, to see how they can open gaps, how they can disunite. We learned this lesson from the beginning of the revolution. They burrowed their hole, with their ideas, all covertly. Each time they will be more covert, because they do not dare, they cannot defy the fighting spirit of the people. They lurk around, in hiding, some of them. For instance, those who cannot stand this heroic spirit do not like it because they know that this spirit is a great weapon. They dislike the great unity of the people. They dream about being able to divide here and there. That is why we have to raise the flag of unity more than ever. The flag of unity is our weapon. That is what makes everyone tremble. It is not based on talk or fantasy. There is no boasting of any kind. It is our real history. It corresponds to a people who fortunately have this quality, because the people were called upon to exercise this quality. They are well endowed by nature to carry out this role; they are talented and have been well trained. [applause] They have the revolution, which is the most important thing. They have the ideology, they have the preparedness, they have the patriotism, they have internationalism.

We have said that the internationalist mission has to be carried out here, because it is now here where the cause of the revolutionary movement is being defended. I say that perhaps many of our courageous Angolan fighters who were on an internationalist mission are coming to fulfill another internationalist mission, only that this time they are going to fulfill it here in Cuba. This is where the internationalist missions are fulfilled now. We must be aware of all this. According to the theory of isolation, anybody who defends a cause such as that which Cuba defends will be alone. There may be faulty logic there. There are those who will almost give us their condolences while we are alive. They are giving us their condolences and do not even wait until after we are dead. At the same time, we have to raise a flag and render tribute to the people who were as courageous as they had to be in this era, and who were able to defend with the necessary strength and heroism the cause that they have had to defend in this era.

There will be both greater and lesser understanding; there will be more confusion and less confusion. There will be a lot of people. I recently received a precious letter from a Soviet who said a lot of things. He was willing to come here to help us, to fight alongside us, to die alongside us. [applause] There will be a lot of people, especially in the Third World and everywhere. They will see how we know how to raise our revolutionary flag. When you see a Yankee marching here, the applause is [word indistinct] and so is criticism, because here we are, the ones who will have to face the invaders and who will fight. Nobody can come here. Therefore, we are sorry about such omens about isolation or no isolation. If anyone is wrong or does not understand it, it is too bad. But if one cannot convince him, whose fault is it that someone is confused? If they have... [interrupted by indistinct shout] no, we will not be alone, but this is an answer for those who are concerned, thinking that because of all these problems and what happened over there we will be isolated. There are more than enough of us here to fulfill the tasks that we must fulfill. [applause]

Many who perhaps do not agree with us today will eventually, someday, agree with us. Surely any honest citizen of the world will. We will not be discouraged over this. We are very convinced and sure of all we are doing. I want to say something that perhaps would have been better if I had mentioned it earlier, when we were speaking of those countries that supported us at Geneva. I am sure the results would have been very different if this had been a secret vote. We obtained 145 votes at the UN Security Council in New York. These 145 votes were cast in secret. It is said that many abstain and do not vote if they have to do so in front of the United States because, otherwise, they may encounter many problems if they have to publicly vote in favor of Cuba. Everyone knows that this is the audacity of the U.S.; everyone knows that they have acted based on a U.S. imposition. We presented some material there because we always have some information material, although we do not always publish it, but we did so this time. This was the letter they sent to all the ambassadors on how they they had to pressure, threaten, and blackmail everyone. The U.S. played dirty at the Security Council. We did not obey that resolution. This resolution was the result of U.S. pressures, bribes, blackmail, cowardice, and treason. We did not obey that resolution and we say this right now. Do not even dream that we are going to comply. That is it. [applause] Do not even dream that we are going to follow a single rule of that resolution. It is true they amended it and softened it. I will now see who comes to request information. If they think that by doing this they are going to stir up the treacherous counterrevolutionaries and create friction, they are mistaken. They are mistaken if they think there is going to be impunity for those who betray the fatherland. There will be no impunity for counterrevolutionaries. That is enough; we fought and fought again, but now we shall see who comes to demand an explanation from us. They have to come here [changes thought] just like the October crisis. Do any of you remember the October crisis? Many of you ladies do not remember because you are very young. Some of us here do remember the October crisis and you may check the records.

During the October crisis the word inspection was used. The Soviets and the North Americans reached an agreement and the Soviets promised to withdraw the missiles after an on-site inspection to which we replied that no one inspects anything here. That is it. [applause] That agreement was reached without our approval; we said no; no one inspects anything here. I believe the Soviets agreed with the North Americans on holding inspections. No, we did not allow anyone to inspect or investigate anything here. Why? To please the United States? That is a truly cynical country, with a cynical government. This is the country that has committed the greatest crimes of the day, including the atomic bomb over Hiroshima and Nagasaki which was unnecessary because the United States had already won the war. The United States needed, however, to show that it had the atomic bomb and had to try it out and see what effect it had when dropped on the population. The United States is an expansionist country; a country that had slaves as recently as the second half of the last century; a country that exterminated the Indians; and a country that proclaims it has the right to intervene everywhere. The United States has gone as far as agreeing that any citizen they want to arrest in any part of the world can be arrested by their police. Just imagine the level of boldness, lack of respect, and abuse of human rights. The United States exterminated the Indian population and it is racist. Just take a look and see how Chicanos and Puerto Ricans live. The infant mortality rate for these minority ethnic groups is twice or three times Cuba's infant mortality rate. Can you imagine them criticizing us for human rights violations? Who can be a better witness than our people on how human rights have been in our country, to what extreme humans are respected here, despite all of the slander about torture and millions of things.

Everyone knows how things are here. A man has never been murdered here, reported missing, or tortured. [Word indistinct] that we have had. I think there is not a single country in the world that ever had a more humane revolution. This revolution has respected the people. We had our laws and we implemented them, but all within legal procedures and principles.

No one has thought of repeating the most disgusting slander against the revolution. We have shed our own blood to help the freedom of other peoples. We have struggled like no one else against apartheid, while that hypocritical Europe maintained close ties with South Africa and supplied it with weapons and everything else.

Our men were fighting over there. They were fighting for 10 years, defending Angola from the aggressions of apartheid. They were fighting in Cuito Cuanavale or somewhere else, shedding blood for the entire African continent, for the most just cause for which Latin Americans have shed their blood, and for which Cuban fighters have shed their blood. Among these, the most illustrious of all revolutionaries of this hemisphere was Comrade Ernesto Guevara, El Che Guevara. [applause]

Hundreds of thousands of compatriots have carried out internationalist missions as soldiers, always defending just causes, or improving public health in many countries, or improving their education. There is no country with more per capita scholarship holders in the world than Cuba. There are approximately 25,000 youths from the Third World studying here.

With its children's health program alone, this revolution has saved over 300,000 lives in these last 30 years. Thousands would have died in many ways. This revolution has given the people a life expectancy of over 75 years, that is, 20 years more than what we had at the victory of the revolution. Educational programs are everywhere, schools have been built everywhere, cultural programs are everywhere. And this is the country they want to scold?

Just look at what is happening in the world? There is an 80 percent infant mortality rate [as heard]; 80 out of every 1,000; 100 out of every 1,000; 120 out of every 1,000. There are millions upon millions of illiterates, that is what we see throughout Latin America. There are unemployed people. There is prostitution; the children and the elderly are abandoned in the streets. Even in the United States, the elderly ask to be put in jail whenever there is a cold spell. Can that country talk about human rights? That country that has brought about so much poverty and hunger to the world? And we know all about that. I do not want to mention any names of countries, but we can quote statistics. Are those the democratic regimes? Is that the democratic system, is that the human rights system?

Then, some say there must be a punishment for what the revolution has done for our people. Cuba must be condemned and slandered. The destruction of Cuba must be the target, by taking advantage of the errors others have made and the problems others may have. Revolutionary ideas will never die, no matter what. They will never die.

We must realize that this struggle is on the battlefield, but it can also be in the economic field; it can be very stubborn. In war, to resist means victory, but also in times of peace and in special periods of peace, to resist means victory. Now then, if there is no special period, will we continue with our normal plans as much as possible? There might be some difficulties, and they will come up, inspite of all the Soviet goodwill. Let us be objective, they have their problems. I do not want to analyze that. And difficulties will arise, at any rate, that will force us to find many solutions, even without any special periods.

For example, I can tell you that the agreement on the poultry that was coming from Bulgaria—12 thousand tons—has not been signed. Should we expect 12 thousand tons of poultry from Bulgaria? [Crowd murmurs:

"No"] The agreement on the barley coming from Czechoslovakia has not been signed because Bulgaria says it has droughts and problems. Can we expect the barley that was coming from Czechoslovakia to be used for beer, malt, and everything else? The Hungarians told us they were closing the [word indistinct] factory.

Is it possible for us to wait for buses or parts from Hungary? Tell me the truth. [Crowd answers: "No."] But because we have to work with our resources, the rationing, the production of parts.... [changes thought] Well, the truth is that we export food and raw material. What do we send to all those countries? First of all, we send sugar. I am not talking about the USSR or China. I am talking about those countries that were.... [changes thought] We export over 1 million tons of sugar. We export food to those countries. We sometimes export honey, citrus fruits, green peppers, and nickel, which is so important for industrial development. We do not export garbage. We export important food and useful raw material. And let me tell you that sometimes what we receive is junk.

I want to tell you a number of things. Since we are speaking clearly here, then let us say things clearly. We are the only ones who buy some of that junk. And yet we make that junk produce. That has become our specialty throughout these many years. We are good at turning rubbish into something useful. Let me give you an example. We are the only ones who buy those Bulgarian forklifts! [pounds table once] Impossible! They are such worthless things and have so many problems that we are the only ones who buy them in this trade relationship that has been established. And sincerely speaking, how many hundreds and even thousands of those forklifts are idle in the warehouses? What did we do? We are trying to determine and we have determined which parts of those Bulgarian forklifts can be used and which cannot be used. We are determining which screws and which parts of those forklifts are good for something. We are trying to study the engines to see whether they are good or bad. We are trying to see whether the gear boxes are good for something, whether the electric mechanisms and the batteries can be used for something.

They sent us electric forklifts, but they never sent us replacement batteries for them. We are buying a battery factory for those forklifts because they just do not send us any batteries. We are studying each little part of those forklifts to see what works and what does not work, and then to buy somewhere else the parts that we need and install them in our forklifts to get them to work. I just wonder to whom they will sell those forklifts now.

They build other things. Sometimes they exported equipment to capitalist markets and they built that equipment with better material. They bought a few good parts, but mind you that the equipment they sent us was not that which was made with the few good parts. The Hungarian buses travel six km on a gallon of fuel. They fill the city with smog. They poison everybody. We could get together some data. We could get statistics about the number of people killed by Hungarian buses. [crowd laughs] Those Hungarians use a very bad type of fuel-injection pump for those buses. [Words indistinct]. Those buses come with Czechoslovak-made gear boxes. I am telling you. [pounds table four times] We are also building a gear-box factory. They have two gears. You put it in first and there it goes, and then third. With those gear boxes and with those fuel injection pumps [words indistinct]—I am glad to be able to speak so freely—[crowd laughs] with those fuel injection pumps... [applause] with those fuel injection pumps I have no scruples left.

Our bus, the one we are building and which will replace these junk buses in the future, travels 11 km on a gallon of fuel. We are thinking about putting a [words indistinct], a gear box, a [word indistinct] pump to adapt it to that Hungarian engine. We are trying to solve the gear-box problem.

However, these junk buses have a Hungarian engine and a Czechoslovak-made gear box. They travel six km for every gallon of fuel and leave the city filled with smog. We have had to breathe so much smog, or so much bile I would say, in our avenues for so many years. We are going to free ourselves from all that because our engine is much better. The bus we are building is much better. It is much better, perhaps because our people are more careful about building things, or have more determination, or are more revolutionary, period. But the things that we make here, we make well. [applause]

We have two Czechoslovak thermoelectric plants. They are not bad. I would be unfair if I said they were bad. They are fairly good. But who can guarantee us a supply of parts for the Czechoslovak thermoelectric plants? Or is it that we are falling into a situation similar to that experienced during the first years of the revolution when the Yankees imposed their blockade and we had no parts for our machinery, equipment, and industries? We have to realize our situation. Right now, with the situation the East European countries are experiencing.... [changes thought] which have joined the United States. I do not know what the United States has given them. You will see that one of these days a loan will appear somewhere. You can be sure of that. I am sure that a loan granted by the World Bank, the IMF, or a more [word indistinct] nation has already been fixed. They had [word indistinct] need. They should be very pleased because they had the opportunity to do a service to the empire.

But let me tell you something. We are the only ones who buy a large part of what they produce. We will have to revise our economic relations with those countries. They will continue to need our products, or they may have to go and buy them somewhere else. Thus, advantages are rather relative. I am telling you. We export food and raw material. And sometimes we buy the junk that comes with all the defects I was telling you about before.

Those buses are the ruin of any country. I tell you, they are its ruin. With our engines we can at least do 60 percent more trips with the same amount of fuel, and we do not poison the city. This is something very hard to talk of, unless some special circumstances happen that free us of any kind of commitment to speak this clearly. I see Havana competing with Western countries. [applause] Who is Cuba going to compete with to sell baubles and crockery pots? [laughter] At least our nickel is our nickel, and our sugar is our sugar, and our physicists are our physicists. And they are food! [applause] They are food! Now I am talking of normal circumstances. We must get ready. Can we call it a special period yet? No. We can call it a period of difficulties and major difficulties. And despite all that, we make tremendous efforts, I want you to know, to maintain things.

We recently had to lower the fat a little, because of the problem that arose with the animal feed. That affected production during the first half of the year. We had to import a little more powdered milk. A little more fat became neccessary. Then [word indistinct] help to collect 3,000 tons of fat, and that enables us to reconstitute milk by importing more powdered milk. I can assure you that the country does not spare the smallest effort to keep up the people's living standard. And it will continue doing it. It will continue doing it to keep up their living standard, development, children's centers, special schools, trade schools, and housing. We continue with our housing plan. We are trying to further a plan for 15,000 housing units in Havana and to repair 10,000. I tell you, this is a colossal effort, although it is not often known how many lose sleep over all of this.

We are not mentioning our problems every day, but how we work and how we are now working, making greater demands. The demands we make will be greater, and rightly so. I hope we get the greatest cooperation from all. So long as there is no special period, we will continue on our economic problems. If problems arise, we will tell the people. We will explain it to them. And we are trying to avoid it. We are trying to prevent it. We are racking our brains, and the country is making a tremendous effort. We are doing construction.

In the field of research alone, new products have been developed. They are beginning to present our country as a medical power, and not just because of the successes we are attaining in the field of medicine. This is what comrade Hilda Molina talked about yesterday, for example. We are the forefront in the world. Imperialists do not talk about this. They do not talk of the research we are conducting to save someone who has Parkinson's disease or the Hutchinson (?syndrome), or whose spinal cord is severed, or who may have suffered a cerebral problem. The efforts we are conducting constitute a hope for the world. How many lives will the meningococcal vaccine save?

The Human Rights Commission will take note of us because we are producing a growth factor for the skin that helps to save lives, cure burns—or the vaccine against hepatitis. All the new products we are developing will benefit our country, sure, but for the benefit of mankind too. We are making a tremendous effort in the field of science. As we explained on 7 March, sometimes it does not even take us 24 hours from the time we hear some news to immediately get to work in that direction.

But, we keep changing our plans; no plan is sacred. We must have plans. That is very important and a privilege, but we must be able to change them. We must be able to provide a quick answer to new problems. Yesterday, I made a criticism, which I deem justified. The equipment for mammography exams was coming and yet the buses that had to be there were not. We demand more. We are demanding now more, and now more than ever. We are demanding that work be done fast and that fast solutions be given. Look at the programs we are conducting. We will continue implementing them. Not even the Panamerican Games will be suspended here, except if we enter a special period. The construction in Santiago de Cuba is not stopping, except if we enter a special period. If there is a special period, there will be a congress, and a good one, let no one doubt it. [Applause, crowd chants slogans]

Yes, the fourth congress will be held. There is something that I want to say before ending. When I talked about the Soviet attitude, I should have said that Soviets voted in favor of Cuba in that....[changes thought] [applause] In addition, there were two votes. Besides the Soviet vote, we have the Ukraine vote. I do not want to speak about the collaboration [words indistinct] in the Ukraine, related to the Chernobyl disaster and other things. This is important. We do not like to talk about what we are doing. We do not do things so they are known.

However, we were very pleased to see that the Ukraine, which is part of the USSR but is autonomous, also voted in our favor. The PRC also voted in favor of Cuba. [applause] India voted in favor of Cuba. [applause] As you know, the PRC and India have nearly 2 billion inhabitants. These two countries alone have many more inhabitants, twice as many inhabitants as all those who voted against us. [laughter]

Yugoslavia also voted in favor of Cuba. [applause] You know that. I already mentioned Mexico. I mentioned them and we must mention them again, put this on record, and thank those countries who assumed this dignified attitude in this public poll. That was the only missing point. I thought that I should not have ended here without mentioning this issue that is related to the way in which the USSR has behaved. Do you realize that it is very different from the behavior of the others?

I believe that I do not have much more to add. I will not say more of the many things that you already know. I have talked about the most important things. Perhaps I have talked longer than I had planned.

However, do allow me to say in ending that we are living an exceptional period in history. I believe that to a greater or lesser extent everyone has envied other times in history. All of us, when we were children and read about the 10 Years' War, regretted having missed all that or having missed the War of 1895 or the revolutionary era because we had not yet been born. However, many who were born in those times had the privilege of not having been born during the era of Christopher Columbus, colonial times, times of conquest, the previous century, or during the war of independence, because the people living then were not able to experience the Bolshevik revolution, which was a historic event.

However, we are living an exceptional historic era. It is very exceptional for our country. It is a privilege for our country to bear a responsibility that we had not aspired to have. We were not claiming to be the standard-bearers. The flags just fell; we picked them up and held them firmly in our hands.

For this generation of Cubans, those with a few more or a few less years—we paid homage to those with a few more or a few less years here—but for all without exception, for the old ladies and the 14-year-old girls, it is an enormous privilege to live in this era, to be a protagonist at this time in the history of our fatherland. I guarantee you that this time is more important than any previous period in our country. [applause]

Whether there is war or a special period, this is the most important time in our country's history and one of the most important in the world, even though all revolutionary flags are folding. And even though a gigantic counterrevolutionary wave is taking over the world for some time, we will struggle, resist, and set an example. We will do what we must do. We will uphold that flag and defend it under any circumstances, whether there is war or a special period.

You must not forget one thing: If there is no war, it will be because of our people's spirit and the respect that it is capable of inspiring in its main enemy, to the extent that we are strong and prepared, to the extent that the enemy realizes there is no possible gap, and to the extent that there is no possible victory at the expense of our people.

And there will be no special period...[changes thought] That will not depend so much on the men or the will of anybody. It could depend on developments that are out of the hands of men. War could occur spontaneously. However, if there is a special period, we will know how to resist it. However, the fact that we will prepare and that we are willing to experience it, and do what we must do when the time comes, is what makes us feel assured and calm. It is what gives us the conviction that we will move forward, even though we might face periods like this kind. We are also convinced that we will be victorious. [thumps pen on table]

I recently said that we are not interested in reeducating the imperialists, that they will have to attack us to learn a lesson. That would cost us dearly, but we are sure, without any kind of exaggeration, that we would emerge victorious. We are sure. A companera was talking yesterday about Juanito. She recalled that it had been said during the national assembly that he was an optimist. I had said that others would come, or the people, who are immortal, will follow. Therefore, we will meet again. We will again discuss and continue to work before and after. If it is not us, others will follow, but it will always be the immortal and invincible spirit of the fatherland. [applause] Socialism or death, fatherland or death, we will win! [applause]

Dominican Republic

Judge Revokes Warrant To Arrest Jorge Blanco

FL0703174290 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 7 Mar 90

[Text] The judge of the Seventh District Criminal Court has decided to leave without effect the suspension of bail for former President Salvador Jorge Blanco. At the same time, Dr. Juan Maria Severino revoked the arrest warrant he had ordered against the former president. Judge Severino's decision came after over one hour of discussions regarding the debates that took place in yesterday's hearing in the aforementioned court. In addition, the magistrate continued the trial until 16 April.

Grenada

NNP Accuses Police, Opposition of Interference

FL0703183390 Bridgetown CANA in English 1815 GMT 7 Mar 90

[Text] St. George's, Grenada, March 7, CANA—The New National Party (NNP) has accused the police and another opposition political party of attempting to disrupt its public meeting in the rural village of Gouyave over the last weekend.

NNP's leader Dr. Keith Mitchell told reporters the National Democratic Congress (NDC) had sought to disrupt its public meeting with a motorcade, as the political parties continue campaigning for the general election on Tuesday 6 March].

"The whole intention was to try to prevent us from having our meeting and there is no question in my mind that the police were a party to this...," he said.

However, leader of the NDC Nicholas Brathwaite, denied his party was seeking to disrupt the NNP meeting or that it got support from the police.

"The motorcade was allowed by the police to pass through the main street where our meeting was being held," Mitchell said. Mitchell said police had the previous week routed an NNP motorcade through the back streets of the village to avoid a public meeting of the NDC.

Haiti

Avril Does Not Rule Out Stepping Down

PA0703222390 Paris AFP in Spanish 2204 GMT 7 Mar 90

[Text] Port-au-Prince, 7 Mar (AFP)—General Prosper Avril, president of the Haiti's military government, did not rule out today the possibility of stepping down because of "a worsening" of his country's situation, although he asked if that would serve the "national interest."

In an interview granted at Port-au-Prince's National Palace to Radio Metropole and Tele Haiti, two private news sources, Gen. Avril said that "as a person, my interest is to return home and leave power." However, he later added that "as a responsible person I must ask you: Does this serve the best national interest?"

Interview on Issue

FL0803013390 Port-au-Prince Radio Metropole in French 2030 GMT 7 Mar 90

["Excerpt" of interview with President General Prosper Avril by Clarens Renois at the National Palace in Port-au-Prince on 7 March;—recorded; monitored in progress]

[Text] [Announcer] ...7 February, I am willing to leave power if the Haitian people ask me to. However, before doing so, I would gather the nation's officials, the prominent figures, to reach a decision. This is what General Prosper Avril said.

Gen. Avril also gave to understand that unity is necessary in this country so as not to lose Haiti, because, he says, if Haitians do not manage to unite, others might come to help us do so.

Here is an excerpt of this interview we just had with Gen. Prosper Avril.

[Begin recording] [Avril] The political situation is really deteriorating these days, what with the antigovernment demonstrations and all. However, what I see in all this is that the solution to the crisis, in my opinion, should not go that route.

Now, there are children exposed; the lives of children are exposed out in the streets. I think that as responsible people—for we have never cut off dialogue—I think we should have employed dialogue before undertaking this kind of demonstration which serves only to set our country back.

So, what do I intend to do? It is still a (?non-response), still dialogue that I intend to once again relaunch to see exactly how to solve the problem.

We have read in the newspapers certain alternatives that have been proposed.... [changes thought] because it is not a matter of simply saying that Gen. Avril must leave power, because in fact, we are here....[changes thought] We have always said that it is not pleasurable for us to be here. We know that the fact of our leaving power will cause many things in Haiti. I wonder if it is really the right thing to do? Because, for me, I think it would be in my interest, as a person, to go home, to leave power and go home. However, as a person who must make decisions affecting others, I have to ask myself if it is in the best interests of the country.

What is going to happen if I leave power this way? What is going to follow? How are people going to react? And what will the balance sheet look like? Because [words indistinct] we always thought it was a matter of going to elections so that an elected civilian president could replace us here.

[Renois] President Avril, what is your position on the alternative proposed by the civilian society committee and the political parties. Are you ready to leave the government or not?

[Avril] Well, in principle, you are asking me the same question there! What does the alternative say? It says to hand over power to a member of the Court of Cassation who will be looked after by a nine-member council to lead the country. I myself think that in a country like Haiti, this will create numerous problems. First of all, much ink is going to flow in connection with the choice of these nine members.

Next, I myself had always thought of ending up with a constitutional solution. This is not a constitutional solution; thus, people are once again not going to have trust. I mean, if you now have 11 or 12 parties that have reached agreement, after the adoption of this solution, the other parties will not be in agreement. And then, too, the fact that a group of 11 was, let us say, 100-percent favorable to a proposed solution, will already mean that the elections will be guided elections—that the results of the balloting will favor one or another of these 11 or 12 or however many parties. I do not remember how many they are. [end recording]

[Announcer] You will have the rest of this interview granted Clarens Renois by President Avril at noon today at the National Palace this evening on our 1800 newscast.

11 Parties Want Mobilization To Overthrow Avril

FL0803022490 Port-au-Prince Radio Metropole in French 2300 GMT 7 Mar 90

[Excerpts] [Reporter Clarens] There were demonstrations again today in seven provincial towns: Petit Goave, Leogane, Jacmel, Jeremie, Mirebalais, Gonaives, and Saint-Marc. [passage omitted]

We must also point out, Rothschild, the renewed call by political parties for a general uprising of the population against the government of General Prosper Avril

[Reporter Rothschild] Indeed Clarens, almost all the principal Haitian political parties, from the communists to the moderate centrists, today called on the population to rise up in order to force the president of the military government, Gen. Prosper Avril, to step down. [Port-au-Prince Radio Metropole in French at 1700 GMT on 7 March, in a similar report on the mobilization call adds: "The 11 political parties, which at the beginning of this week had decided on a common alternative with which to replace the military government, call for a popular mobilization throughout Haiti for the overthrow of Gen. Avril."]

In a communique issued in Port-au-Prince, these groups put forward as a reason, among other things, the death of an 11-year-old girl killed on 5 March by soldiers who were dispersing a demonstration in Petit Goave. They say such a government constitutes a public danger and must not continue to remain in power. [passage omitted]

CATH Also Requests Mobilization

FL0803024090 Port-au-Prince Radio Antilles Internationales in French 1930 GMT 7 Mar 90

[Text] Manusi Pierre, organization secretary of the Autonomous Organization of Haitian Workers [CATH], calls for a general mobilization against Lieutenant General Prosper Avril.

[Begin Pierre recording, in Creole] CATH asks patriots in the nation's nine geographical departments to rise up without delay, to demonstrate and carry out a number of concrete actions in order to force this Macoute General Prosper Avril, as well as the little group of murderers who continue to cling to his star—those thieves—to uproot their cassava plants and get out of the country, so the country can catch a breather.

CATH asks all workers, peasants, merchants, street vendors, industrialists, clergymen, bourgeois, proletariat, school children, university students, school teachers, government employees, and drivers to mobilize—shut down all their businesses within the next few hours, so as to together protest this Macoute, this [word indistinct] murderer, Gen. Prosper Avril.

CATH fully supports the populations of Petit Goave, Gonaives, and the Grande Anse that have already risen up to demonstrate in order to show their indignation against this terrorist chief, Gen. Prosper Avril.

CATH solemnly salutes the body of Roseline Vaval, felled by the Macoute military in Petit Goave, and extends its condolences to her mother and her entire family. [end recording]

OPEC Approves Loans Totaling $5 Million

FL0703174390 Bridgetown CANA in English 1641 GMT 7 Mar 90

[Text] Bridgetown, Barbados, March 7, CANA—The Organisation of Petroleum Exporting Countries (OPEC) Fund for International Development has approved loans totalling more than U.S. 5 million dollars for two projects in Haiti.

OPEC approved a loan of U.S. 3.27 million dollars to help finance the rehabilitation of 20 small-scale irrigation schemes. OPEC said the objective is to improve agricultural productivity, and will benefit 3,700 farmers. In addition the Fund has provided a U.S. 1.05 million dollar grant to cover Haiti's subscription to the directly contributed capital of the Common Fund for Commodities.

A loan of U.S. 2.05 million dollars from OPEC will be used by Haiti to finance the Port-au-Prince water supply project. The project will benefit nearly 480,000 people residing in the communities of Port-au-Prince, Carrefour, Delmas, Mariani, and Petionville.

The OPEC Fund has now provided Haiti with loans totalling U.S. 18.93 million dollars.

Jamaica

Manley's Party Sweeps to Victory in Elections

FL0703153790 Bridgetown CANA in English 1446 GMT 7 Mar 90

[Text] Kingston, Jamaica, March 7, CANA—Jamaica's ruling People's National Party [PNP] swept to victory in Tuesday's local government elections to retain its dominance of 11 of the 12 parish councils, including the Kingston and St. Andrew corporation. A final count was still not ready Wednesday morning [7 March], but according to preliminary counting which was carried live on both radio and television stations, the PNP won about 60 percent of the popular vote with the Jamaica Labour Party [JLP] receiving 40 percent. So far, the PNP has been declared winner of 114 of the 187 seats contested with the JLP getting 38. In the last local government elections in 1986, the PNP won 129 seats to the JLP's 58.

Voter-turnout was, as expected, low and early figures show that only about 50 percent of the 1.12 million voters cast their ballots. Despite a relatively peaceful and low-keyed campaign, election day was marred by sporadic incidents of violence, bogus voting, and stealing of ballot boxes, mainly in the Kingston metropolitan area. The police reported that some 26 ballot boxes were stolen on Tuesday and there were 14 reported cases of election irregularities.

In one instance of bogus voting, one division in the Kingston area recorded more than a 100 percent voter turnout with both candidates polling a total of 11,000 votes between them on a roll of 10,000 voters, electoral officials and radio reports said. Most polling stations opened late and even Prime Minister Michael Manley had to wait a few minutes before casting his ballot. Opposition leader Edward Seaga who was verbally attacked and jostled by PNP supporters in his western Kingston constituency voted late Tuesday evening.

Prime Minister Manley speaking to reporters late Tuesday night [6 March] hailed his party's victory and dismissed the low voter turn out as a lessening of political interest. He would not say whether the PNP victory was an endorsement of the government's performance so far. The opposition JLP had used the elections as a referendum on the PNP's performance since it took office in February 1989.

A disappointed but calm Seaga, conceded victory to the PNP but pledged to continue to pressure the government to improve its performance. He also expressed concern about the widespread theft of ballot boxes on Tuesday [6 March].

Trinidad and Tobago

Government Says Foreign Debt Rescheduling Costly

FL0703170690 Bridgetown CANA in English 1606 GMT 7 Mar 90

[Text] Port of Spain, Trinidad, March 7, CANA—Trinidad and Tobago paid out more than TT 9 million dollars (one TT dollar = 23.5 U.S. cents) in advisory and legal fees to reschedule its foreign debt, says Finance Minister Selby Wilson.

Answering opposition questions in Parliament on Tuesday [6 March], Wilson said that government had spent some 9.1 million dollars in the various costs involved in recently-concluded debt restructuring negotiations. Trinidad and Tobago successfully managed to reschedule both its official and commercial bank debts basically getting relief on payment of the principal part of the debt until August 1992.

This exercise, which entailed the country taking up two International Monetary Fund (IMF) standby agreements, the second of which is still being negotiated, reduced Port of Spain's debt service ratio from an estimated 35 per cent this year to 25 per cent.

However, the negotiations to obtain such repayment relief was costly, according to figures presented by Wilson to the senate on Tuesday 6 March]. It cost the government U.S. 508,210 dollars for the advisory services of British financial firm, Morgan Grenfell—some TT 2.2 million dollars.

Legal fees to a bank advisory committee led by a Bank of Tokyo official which negotiated the commerical bank debt rescheduling totalled U.S. 960,531 dollars—just over TT 4 million dollars.

Costs paid to the government of Trinidad and Tobago totalled U.S. 164,496 dollars, the renegotiation fee was U.S. 68,973 dollars, and the administration fee U.S. 150,170 dollars. Other charges for travel, documentation, and out of pocket expenses totalled U.S. 307,096 dollars.

Costa Rica

Foreign Minister Meets With Honduran Counterpart

PA0703230690 Panama City ACAN in Spanish 2129 GMT 7 Mar 90

[Text] San Jose, 7 Mar (ACAN-EFE)—The foreign ministers of Costa Rica and Honduras, Rodrigo Madrigal and Mario Carias, respectively, discussed here today, among other topics, the demobilization of the Nicaraguan "contras" in Honduran territory and the possibility of holding a summit of area presidents, it was reported at the end of their meeting.

Both diplomats said that the Central American summit should be held before Nicaraguan and Costa Rican Presidents Daniel Ortega and Oscar Arias turn over power to the presidents elected in their countries. Ortega will turn over power to Violeta Chamorro on 25 April, and Arias will turn over power to Rafael Angel Calderon Fournier on 8 May.

Carias defined the meeting with Madrigal as an effort to continue strengthening the process of peace and democratization of Central America.

They said that for almost one hour they reviewed bilateral relations, which "are excellent," as well as a series of common actions that deal with the welfare of the area.

Regarding the upcoming summit of Central American presidents, the two foreign ministers agreed to begin consultations with their other colleagues to establish a date. They said that "perhaps in late March or early April" there will be room in the presidential agendas to hold the summit, which might be held in Managua as was anticipated last year.

According to Arias, he exchanged information with Madrigal today about the recent events in Nicaragua. He said that the main topics discussed were the disarmament, demobilization, and relocation of the "contras." This issue has been under discussion in Tegucigalpa and Managua at the highest level and with the participation of UN representatives since last week.

Carias noted that the 12,000 "contras" "must leave Honduras unarmed" before 25 April, with their lives and citizens' rights guaranteed.

The Honduran foreign minister said that he will return to Tegucigalpa today.

El Salvador

Rebel Radio Reports Honduran Army Incursion

PA0803011490 (Clandestine) Radio Venceremos in Spanish to El Salvador 0015 GMT 8 Mar 90

[Text] We pass on this report from Morazan Department regarding an incursion by Honduran military forces. The report indicates that on 6 March at 1700 Farabundo Marti National Liberation Front [FMLN] units engaged in fighting with a Honduran Army patrol on Salvadoran territory. This occurred in the region of Palo Blanco in Zancudo Hamlet, jurisdiction of Perquin. During the clash, the FMLN inflicted two casualities on the Honduran Army. The Honduran troops later moved toward Honduran territory.

Once again, to avert such clashes, we appeal to the Honduran Government not to permit its troops to engage in these types of incursions. Later in our broadcast we will report on the actions of the Honduran Army against Salvadoran civilians living in Morazan Department.

Guatemala

Cerezo Comments on 'Unfair' U.S. Attitude

PA0803002090 Guatemala City Teleonce Television in Spanish 0400 GMT 7 Mar 90

[Text] Now, just like 13 years ago when a Democratic administration was installed in the White House, the relations between Guatemala and the United States are particularly tense, and today, just like then, the reason for the tension in their bilateral relations is the human rights situation, because, according to the Republican administration of George Bush, the Christian Democratic government of Vinicio Cerezo does not seem to have enough political will to neutralize the problems that are affecting the security of citizens and individual guarantees.

In March 1977, newly-inaugurated U.S. President Jimmy Carter demanded that the regime headed by General Kjell Laugerud rectify a domestic policy that, according to the White House, was characterized by repressive practices against the opposition and peasant and labor groups. The Guatemalan authorities reacted by rejecting U.S. military aid. The same position was adopted, amid very similar circumstances, by the military governments of Jorge Videla in Argentina and Augusto Pinochet in Chile.

Relations between Guatemala and Washington continued to be tortuous during the balance of the Carter administration and only improved, relatively speaking, when Republican Ronald Reagan took office in 1981. However, only years later—with the commitment to democratization by de facto military governments that led the country from 1982 and 1985—was there a conciliatory attitude between Guatemala and the United States that brought about quite harmonious relations between the governments of President Cerezo and Presidents Reagan and Bush until mid-1989.

On 27 February U.S. Ambassador Thomas Strook criticized the Guatemalan authorities' failure to pursue the authors of murders and of kidnappings of political, student, and labor leaders, and thus worsened an atmosphere of confrontation that had resurfaced about six months ago when Ambassador Strook, who had just arrived in Guatemala, objected to the appointment of Colonel Hugo Moran Carranza, former director of administrative control, to the post of manager of the Santo Tomas de Castilla Port Enterprise. The ambassador justified his objection by claiming that aspects related to international drug trafficking had to be resolved first.

On 6 March, President Cerezo said that the United States had hardened its attitude toward the Guatemalan regime and that this attitude contrasts with a tolerant posture exhibited toward previous administrations in Guatemala:

[Begin Cerezo recording] They have harshly criticized the courts situation. The Supreme Court of Justice [words indistinct] and as a result of the UN action a draft procedural law will be submitted. This should be approved and proceedings should improve in Guatemala in about [word indistinct] years.

However, we are dealing with long-term effort. We have made institutional changes for only four years. I sincerely believe that the U.S. attitude toward a country that is making efforts to move forward is unfair and overly critical. It is being more critical of the current Guatemalan Government than it ever was toward past dictatorships. The United States has been considerably harsher in criticizing the current Guatemalan Government [words indistinct] democracy than past dictatorial governments, to which the United States, in certain cases, was an accomplice by saying nothing [words indistinct]. [end recording]

Only hours after the president made these statements, the U.S. Embassy in Guatemala issued a communique stating that if the United States abstained from voicing its concern over human rights abuses, it would indeed be acting as an accomplice. The communique cites statements made on 5 March in Washington by State Department spokeswoman Margaret Tutweiler that U.S. Ambassador Strook, in his capacity as President Bush's personal representative, has on many occasions told top Guatemalan officials, in public and private, that those who commit violent acts must be turned over to justice.

Strook is currently in Washington, where he was recalled by the State Department for consultations. According to the diplomatic mission, the ambassador's statements accurately reflect the permanent U.S. position of considering human rights as an issue that must be treated at an international level.

The embassy communique points out that the United States did not submit either one of the two human rights resolutions on Guatemala that are currently under discussion in Geneva. According to the observers, this clarification came in reply to statements made by Cerezo that the U.S. position in this regard differs from that of most countries within the international community:

[Begin Cerezo recording] All these actions [words indistinct] the United States pointing the finger to human rights issues are aimed at [word indistinct] in Geneva, because I have the impression that what it wants at this time is to have Guatemala condemned and, to a certain extent, to tarnish our international image, because the success of the Esquipulas II plan gave Guatemala, as an autonomous and independent country, a lot of room for action.

That is what it wants to do, because it is not good for large countries to see countries like Guatemala, with a certain degree of autonomy and independence, achieve historic successes by showing that (?our country) is right in discussions with certain U.S. groups. They now want [words indistinct]. My personal opinion is that they now sort of want to get back at us for the Esquipulas II plan. [end recording]

In reply to these statements by President Cerezo, the U.S. Embassy pointed out in its communique of 6 March that the U.S. Government had supported the Esquipulas II peace process from the very beginning. It added that ever since the signing of the Esquipulas accord, Guatemala has received $600 million in U.S. aid. This shows, according to the embassy, that U.S. support for Guatemalan democracy continued to be strong after the signing of the Esquipulas II document.

In any case, from President Cerezo's perspective the U.S. attitude in this situation reflects the traditional inclination of that country's governments throughout history to dictate rules to other nations regarding what they should do. Cerezo compared Guatemala's situation in matters of criminal investigation to the situation in several U.S. cities where the police are unable to control crime. As an example, he cited Washington, D.C., where assaults, murders, and crimes frequently related to drug consumption have reached very astonishing levels in the past few years.

As for the departure of Ambassador Strook, Cerezo said that the diplomat has not been withdrawn from Guatemala, but returned to the United States for consultations by order of the State Department. In statements made minutes after receiving the credentials of the new FRG ambassador, however, Cerezo said that his return was, to a certain extent, because of a decision we made.

PR Official Says Conditions for Coup Exist

PA0703195090 Guatemala City PRENSA LIBRE in Spanish 7 Mar 90 p 16

[Text] Deputy Carlos Enrique Chavarria, secretary general of the Revolutionary Party (PR), said on 6 March that "conditions for a coup exist in Guatemala, and unless there is a 360-degree turn, [as published] anything could happen."

Chavarria said: "There is a power vacuum right now. The orders are not issued by President Cerezo, but by Alfonso Cabrera, his party's candidate, who issues orders with his political campaign in mind, rather than directing public administration."

He said that this power vacuum must be filled immediately, because this situation will lead to a coup like the one that ousted General Romeo Lucas; besides the prevailing violence, power was in the hands of presidential candidate Angel Anıbal Guevara.

He said that besides the power vacuum, there are violations of human rights and a serious economic situation.

Regarding the danger of a coup, Chavarria said that neither laws nor ministries are functioning. The ministries are at the service of Cabrera's campign. Even Congress is inactive.

He said that this situation creates the possibility that anyone may want to attack the existing power and disrupt constitutional order.

Honduras

Thousands Protest Economic Readjustment Program

PA0803032390 Hamburg DPA in Spanish 0220 GMT 8 Mar 90

[Text] Tegucigalpa, 7 Mar (DPA)—Thousands of workers from several Honduran labor unions marched through the streets of Tegucigalpa today protesting the economic readjustment measures undertaken by the government of President Rafael Leonardo Callejas.

This was the first large antigovernment protest since Callejas assumed power this year; it has been preceded by public administration workers striking over the mass dismissals of government workers.

The demonstrators, affiliated with both leftist and rightist labor unions, protested to demand that the government modify the economic readjustment measures approved by the nationalist majority of the National Congress.

Among the measures described as harmful to the workers are the 100 percent devaluation of the national currency, the lempira, which had been maintained at a rate of two lempiras per dollar since 1918, the sales tax increase from five to seven percent, and the 20 percent fuel tax.

Francisco Guerrero, coordinator of the Workers Struggle Platform, under which all of the country's labor unions fall, called on President Callejas to "sacrifice" the rich and not the poor with the economic readjustment.

The labor leaders heading the demonstration agreed that the readjustments have nothing to do with the national development plan, but are "recipes" of the International Monetary Fund (IMF).

* Congress To Lose 25 Deputies in Economy Measure

90EM0099B Tegucigalpa LA TRIBUNA in Spanish 31 Jan 90 p 9

[Text] The president of the Congress, Rodolfo Irias Navas, appointed a commission of Nationalist deputies to prepare a draft decree aimed at introducing constitutional amendments to reduce the number of deputies by 20 percent.

The foregoing was confirmed by Irias Navas himself, who noted that it is the National Party's decision to cut the number of deputies, "so as to be consistent with the country's economic reality."

He commented: "It is impossible for an impoverished country to have a Congress with 128 deputies; hence, the number of representatives must be reduced substantially."

The proposed 20 percent is equivalent to 25 or 26 deputies; therefore, the next Congress would consist of no more than 103 representatives.

He pointed out that for many years the National Party has been stressing that there should be a constitutional amendment to expand the population base for the selection of deputies.

The draft will include the bills previously introduced by Deputies Enrique Aguilar Cerrato and Rafael Pineda Ponce, who also advocated a cut in the number of representatives.

Irias Navas added that the draft constitutional amendment would have to be completed by the end of this week, "because its approval is urgently required in this legislature, so that it may be ratified in 1991."

He explained, however, that it was not a matter of their being interested in reducing the representation of sectors of citizens in Congress, but rather that the economic situation besetting the country does not allow an excessive number of deputies.

He added: "We think that the Congress can operate well with a smaller number of deputies because, even though its size will be reduced, the quality of those with the honor of representing the people will improve."

Irias Navas was asked whether this proposal for austerity would entail a cut in the deputies' salaries, and he remarked: "That cannot happen, because the salary is really quite small when compared with the expenses of deputies who contribute to their party with monthly bills of 1,000 lempiras. They have to support two households, one in their place of origin and another in the capital, and others also have to travel constantly to their residences."

He reported that within the next few days President Callejas will announce at a press conference the "black and white" aspects of the social, political, and economic situation in Honduras.

He claimed that this conference will include disclosures that will make the Honduran people realize the urgent need to adopt measures aimed at reducing, not only the number of deputies, but also the size of the central government, and the importance of eliminating certain decentralized institutions with deficits.

* Government Employees Fear Dismissals

90EM0099A San Pedro Sula TIEMPO in Spanish 30 Jan 90 p 3

[Text] Tegucigalpa—Yesterday the Nationalist government was officially initiated with its state secretaries taking office, faced with the anxiety of thousands of public employees who are harboring hopes of being confirmed in their posts.

The new ministers took possession of their offices yesterday afternoon, because during the morning they had attended the transfer of command for the new Armed Forces chief.

Some state secretaries met with their predecessors last week to become informed of the status of the institution that they began directing yesterday.

For this purpose, the new natural resources minister, Mario Nufio Gamero, met last Wednesday with his predecessor, Rodrigo Castillo Aguilar, to become apprised of the implementation of certain projects.

The new natural resources minister has worked in this institution, and other activities in which he has been engaged during his professional career have been associated with it. Hence, as its employees commented, he will be working in a field already familiar to him.

Mauro Membreno Tosta, minister of the Secretariat of Communications, Public Works, and Transport (Secopt), assumed his post yesterday morning, introducing his close collaborators at the ceremony.

The minister of the Secretariat of Planning, Coordination, and Budget (Secplan), Manilio Martinez, assumed his duties yesterday afternoon. He met a few days earlier with Francisco Figueroa, former head of that institution.

Other state secretaries did the same at their respective institutions, and the vice ministers and general directors were sworn in yesterday afternoon at the Presidential House by its new resident, Rafael Leonardo Callejas.

Cesar Castellanos Madrid, minister of health, promised yesterday that he would work 10 hours a day.

Although the heads of the state secretariats have claimed that they will not make massive layoffs, public employees are still on edge regarding their occupational future.

The Honduran Association of Public Employees, through its top-ranking leaders, has threatened to fight for the job stability of its members, while President Rafael Leonardo Callejas has reiterated that he will abide by the stipulations in the law.

Many employees timidly remarked that they would be ousted, not because of being Liberals, since, as one noted, "my entire family is Nationalist, but because my contract has expired."

Others cite their job efficiency, and claim that if that effort is recognized, they would be confirmed in their positions.

* Military Unit Commanders Appointed

90EM0103A Tegucigalpa EL HERALDO in Spanish 1 Feb 90 p 4

[Text] Catacamas, Olancho—The Army's sixth graduating class assumed control of the Armed Forces' leading positions after the changes made during the past few days. Prominent among these changes is the transfer of command in the First Infantry Battalion which, as of today, will be headed by Colonel Julio Armando Pavon.

During the change-of-command ceremony to be held today, Col Luis Alfonso Valderramos Molina will turn over the headquarters of that unit to his successor, Julio Armando Pavon. Until yesterday, the Armando Pavon had served as chief of the Army Military Training Center (CAME). The replaced chief will occupy the Army Inspector General's Office.

Assigned to the CAME command post was Col Adolfo Flores Valeriano, who had served as Joint Staff Operations chief. The source queried also confirmed the appointment of Col Guillermo Pinel Calix as commander of the Armored Cavalry Regiment (RECABLIN). He had previously been assigned as head of the 16th Infantry Battalion, stationed in Olancho.

Appointed to replace Pinel Calix was Lt Col Cubas Romero. Col Mario Amaya Amaya was transferred to the 115th Battalion, stationed in Juticalpa. He replaces Ramon Rosa Martinez, of the same rank, who was assigned to the Staff Operations and Training Headquarters.

The report given to EL HERALDO states that Col Celan Meza will become commander of the 110th Brigade, stationed in El Paraiso, and a similar position will be filled by Artillery Col Leonel Fonseca, in the 105th Brigade, posted in San Pedro Sula.

The restructuring also includes the 15th Brigade, stationed in Trujillo, Colon, where Col Raul Reyes Lopez was assigned. Col Sanabria Oyuela will serve as commander of the Fourth Infantry Battalion in La Ceiba.

Col Jorge Puerto will be transferred to the Special Forces unit located in La Venta, Francisco Morazon. Next, the source noted that Lt Col Jose Martinez Amador had been assigned to the Fifth Battalion, stationed in Durzuna, Gracias a Dios. Until yesterday, he had served as director of the Northern Military School, operating in San Pedro Sula.

Moreover, it was announced that Col Roberto Lazarus would become director of the Francisco Morazan Military Academy. Col Aguilar Claros will be in charge of the Sixth Infantry Battalion in Ojoa de Agua, El Paraiso.

The command of the Ninth Battalion, in Jamastran, will be held by Col Rolando Valencia Garcia. He had previously served as head of the Public Security Force in La Ceiba, a position that will be filled by Col Banegas Gomez as of today.

That same police position, but in the Department of Olancho, was assigned to Lt Col Margarito Amaya. Nevertheless, another source who was queried claimed that this office will be turned over to Col Miguel Angel Garcia, currently assigned to the 110th Brigade Staff.

* Last Actions of Azcona Regime Criticized

90EM0103B San Pedro Sula LA PRENSA in Spanish 6 Feb 90 p 7

[Editorial: "Privileged Foreign Exchange"]

[Text] The charge made by President Rafael Leonardo Callejas at the National Party Convention, regarding the Liberal government's release last month of $1.5 million to private individuals for the purchase of luxury cars, cannot be disregarded, much less forgotten on the third day, as is usually the case in our country.

While there is a shortage of fuel for cars in the nation, with pharmacies undergoing a serious crisis in medicine supplies, while staple grain harvests have declined, and when there will surely be a shortage of food production, it is not only strange, but even irresponsible and criminal for the Central Bank of Honduras to have committed such a stupid act.

For many years the Central Bank of Honduras enjoyed a prestige that was beyond all doubt. It was during the time of attorney Roberto Ramirez, when this institution was considered the sacred temple, to which politicians could not have access to play their old tricks.

Little by little, with the passage of time, things changed, to the point where that image of purity changed. This occurred because the incorruptible organization was invaded by the political element, cliques, friendships: values that might be quite respectable, but not in keeping with the interests of the Honduran nation.

There is no question that this charge has all the features of an unprecedented scandal. And it is not exactly a scandal that we are seeking to create over what has been claimed, but rather a serious investigation. It must be conducted with all the force of the law, so that, for once and for all, there will begin to operate what President Callejas Romero so emphatically cited in his inaugural address. No doubt must be left about this when it is time to enforce the law.

We realize that the situation is critical. The chief executive himself admitted, at his party's convention, that we are on the brink of the inflationary abyss. At the same time, he claimed that the previous government had approved 74 million lempiras for salary increases, as if it were trying to foster an increase in the fiscal deficit that has been bandied back and forth so much.

Our people are undergoing extremely difficult times, and yet we have not seen anything in comparison with what other peoples on the planet have suffered. Although there are shortages, there is not exactly a famine; although dollars are lacking, their presence on the black market attests that they are being produced somehow (illegally, to be sure).

But that should not bring consolation. On the contrary, little action has been observed on the part of those obligated to find a solution to the crisis as soon as possible. It is not at all easy to understand why, with so many Hondurans abroad sending considerable amounts of dollars to Honduras every month, there has been no search for a mechanism that would make it possible for the dollars to be channeled through the Central Bank, as in the case of other countries that are in the same situation.

What there has been is a policy restricting the sale of foreign exchange, which has automatically generated widespread illicit dealing in it, prosecuted by some, protected by others, but seen by everyone.

It is difficult to believe that corruption has reached the Central Bank of Honduras or, at least, that the politicians' power has attained such a high level that the bank is not allowed to play its role with complete independence and a sound criterion, as it should.

The situation should not be left this way: For the sake of the prestige of the officials theoretically involved, the credibility of the new government, and the good of the Honduran nation, there must be an investigation until no further doubts are left. It must be proven whether, in fact, there was bad management in such an inefficient expenditure. And it must be learned which person or persons (if they should prove guilty) dared play with the hunger of Honduras, with the health of our people, and with everything that has been relegated to second and third place, to please a few friends.

Then we place all the blame on the international agencies, without observing that much of the irresponsibility may lie at home, and that we are failing to see the forest for the trees.

Let action be taken as soon as possible, and our doubts be dispelled, because the activity appears to be continuing. Let the matter of the privileged foreign exchange be a propitious occasion to start setting the kind of example that we so badly need.

* Cane Sugar Production, Exports To Grow

90EM0099C Tegucigalpa LA TRIBUNA (Financial Supplement) in Spanish 30 Jan 90 p 1

[Text] The recent rise in the U.S. sugar quota will leave a sizable increase in foreign exchange estimated at $1.4 million, at a time when the country's critical economy has been exacerbated by the shortage of foreign currency.

According to data from the Honduran Federation of Sugar Cane Producers (FEHPROCA), provided by board member Armando Elvir, the quota increased by 47,490 tons for the period between 1 January 1989 and 30 September of this year, equivalent to over a million quintales of sugar.

The United States recently raised the quotas for the Latin American producing countries because production in its country has declined as a result of the recent frosts in Florida, Louisiana, and Texas. This phenomenon also hurt production in Brazil, one of the leading producers which, because of this, has been unable to meet the sugar supply for that market.

Last year Honduras received about $9 million from sugar exports to the U.S. and world markets, while this year's exports will exceed $10 million.

Over 500,000 quintales of the quota have been exported, with 553,593 yet to be exported. This figure includes the increase, according to official data supplied to the members of the National Sugar Council, which met last Wednesday in Tegucigalpa.

The council is comprised of officials from the Ministry of Economy, and cane and sugar producers, and its meeting was attended for the last time by the former economy minister, Reginaldo Panting. In their presence, the sugar companies promised to maintain a minimal reserve of 100,000 quintales to ensure the domestic supply.

This year the country's seven sugar mills will produce 3,993,232 quintales, plus 130,000 quintales during November and December. On the other hand, the national consumption of 3,500 quintales, plus the quota, will leave only a difference of 73,665 quintales.

The representative from the previous government obtained a pledge from the sugar companies to keep a reserve supply, in view of the fear that sugar contraband to the neighboring countries, where the price is higher, might cause a shortage in the future. Nevertheless, the product is in short supply at present and dealers, taking advantage of this, have raised their prices for consumers.

Nicaragua

Contras Propose Creating 'Enclaves' for Weapons

PA0703225590 Tegucigalpa EL HERALDO in Spanish 7 Mar 90 p 39

[Text] The contras have proposed the establishment of territorial "enclaves" in Nicaragua, where they would keep their weapons, to prevent the continued occupation of Honduran territory and thus begin the demobilization of their forces, Commander Oscar Sovalbarro ("Ruben") and Jose Matus announced on 6 March. Matus is a technical adviser of the rebel organization.

The two members of the Nicaraguan Resistance noted that this is one of the ideas that they will promote at the upcoming meetings to be held with representatives of the new Nicaraguan Government to be headed by Violeta Barrios de Chamorro.

On 6 March "Ruben" and Matus attended two meetings with a delegation from the National Opposition Union (UNO) and from the National Reconciliation Commission (CNR) at the contra headquarters in Tegucigalpa. Mrs. Barrios de Chamorro and Cardinal Miguel Obando y Bravo are the leaders of UNO and of the CNR, respectively.

Sovalbarro made the announcement during a news conference he held with reporters, while Matus announced his position at a meeting held outside the formal news conference, called by the rebels, to announce a communique on the meeting with the UNO-CNR delegation.

The UNO-CNR delegation was headed by Jaime Cuadra, representing the government-elect, while Jose Antonio Tijerino and Roberto Rivas represented Cardinal Obando y Bravo.

The chief negotiator of the contras, "Ruben," said that the "enclaves" concept is a "favorable idea" for preventing the continued "occupation" of Honduran territory.

During the news conference, "Ruben" announced that he was staying in Honduras because the government did not object, but if his departure was requested, he would comply.

"Ruben" and Matus said that the enclaves would be under the surveillance of international organizations such as ONUCA (UN Observer Group in Central America), the OAS, and other supervisory organizations to prevent armed conflicts.

The idea of "enclaves" as a a partial solution has already been negotiated and established by the Sapoa agreements between the Sandinist government and the "contras," but they were never implemented because of the constant discrepancies between the two military forces.

Many of the enclaves are near the area bordering Honduras; the Honduran Foreign Ministry pointed this out in 1989, inasmuch as their location could easily lead to an incursion into Honduran territory, should there be any contact between the contras and the Sandinists.

Matus said that the solution would be a partial one and would be implemented before 25 April, when Mrs. Violeta Barrios de Chamorro is installed, so the forces could return to Nicaragua without representing the threat of a confrontation with the Sandinists.

The adviser said that, at any rate, if the negotiations with the government provide the guarantees for the demobilization prior to 25 April, there would not be any problems because the forces would return to their country.

Matus said that they must negotiate social, economic, and security guarantees with the new administration of Nicaragua, and once the agreements are reached with the political leadership, the demobilization would occur.

He recalled that in addition to the 15,000 contra fighters, one must think about the guarantees for their 45,000 relatives, as well as the hundreds of thousands of Nicaraguan exiles who want to return to the country.

Contras Insist on Obando Presence at Talks

PA0703163390 Panama City ACAN in Spanish 1224 GMT 7 Mar 90

[Text] Managua, 7 Mar (ACAN-EFE)—The Nicaraguan contras have asked that Cardinal Miguel Obando y Bravo, archbishop of Managua and president of the National Reconciliation Commission (CRN), be present during any talks to discuss the demobilization of their forces in Honduras.

This report was confirmed on 6 March by Roberto Rivas, chief of the delegation that was sent by Cardinal Obando to Honduras to listen to the contras' views regarding the demobilization.

Rivas, who went to Honduras with Antonio Tijerino Medrano, said he had found "goodwill" on the part of the contra commanders about the demobilization and that "permanent communication" has been established in this regard between Violeta Chamorro's newly-elected government and the Nicaraguan Resistance (RN). There are approximately 12,000 armed contras stationed in camps in eastern Honduras near the border with Nicaragua.

Upon returning from Tegucigalpa, Rivas said the delegation had met with such RN leaders as Commander Franklin (Israel Galeano) and the members of the general staff of Yatama, an Indian rebel organization on Nicaragua's Atlantic Coast.

Cardinal Obando y Bravo's emissary said his team will meet again with the RN and Yatama representatives within eight days, but he did not say if it will be in Managua or Tegucigalpa. He did not elaborate on the RN or Yatama's demands, but said the RN commanders "mentioned distrust and security problems regarding their return to Nicaragua."

The contra chieftains also met in Tegucigalpa with Jaime Cuadra Somarriba, who was sent by the Nicaraguan president-elect to talk with the contras. Upon returning from Tegucigalpa tonight, Cuadra refused to make any statements to the press on the results of his mission to Honduras.

The delegation sent by Obando y Bravo also met with Honduran President Rafael Leonardo Callejas and Foreign Minister Marcos Carias Zapata.

Other reports from Honduras indicate that the contra leaders said they are prepared to return to Nicaragua "when all necessary conditions are in place and after the Sandinist People's Army, which is a partisan army, has been disarmed."

Contras Charge Sandinists Mining Abandoned Bases

PA0703230490 Hamburg DPA in Spanish 2230 GMT 7 Mar 90

[Text] Tegucigalpa, 7 Mar (DPA)—The Nicaraguan contras charged here today that the Sandinists are leaving their military garrisons and bases at various spots, but are leaving them mined to prevent them from falling into the hands of the Nicaraguan Resistance.

Alejandro Acevedo, spokesperson for the contras, said that the mining of the abandoned military bases has resulted in the death of several peasants. He added that the contras have not fallen into this trap because they are familiar with such military maneuvers.

Alejandro Acevedo also said that the bases of El Ticoral, El Limon, El Guabo, and El Infierno Verde, in Jinotega Department in southeastern Honduras, have been abandoned and mined by government troops.

Acevedo also said that there are reports that small armed groups are preparing to unleash guerrilla activities the moment that presidential power is handed over to Violeta Chamorro on 25 April.

Contras View Demobilization, Elections, Aid

PM0703155890 Paris LE MONDE in French 7 Mar 90 p 6

[Report by Bertrand de la Grange]

[Text] El Mojon—"The Sandinists must lay down their arms first. We will then negotiate the conditions for our demobilization with the new government." Commander Clifford, who heads a contra unit in northern Nicaragua, spoke firmly and decisively.

"The Sandinists," he said, "have lost the elections, but they are trying to maintain power with all kinds of maneuvers. They want to keep control of the Army and the Interior Ministry but that is out of the question. If we give in on that, we will all be killed." Commander Clifford's men and the few peasants present nodded in agreement and one of them expressed the common feeling when he said: "We have no confidence in the Sandinists. They have lied to us too often over the past 10 years."

This language is heard throughout the mountainous regions that extend from northern to southern Nicaragua from the border with Honduras to Costa Rica. That is where the Sandinist [as published] guerrillas have recruited people since 1981 from the small, individualist peasant communities, which have never accepted the state's interference in their affairs, particularly the obligation to sell their products to the government, and the enforced recruitment of young people for military service. Repression and, as the Sandinist leaders admit, the State Security Department's "blunders" have turned these peasants into determined opponents of the revolution. Since they could not win the war against the powerful "Sandinist People's Army," they voted en masse against the Sandinist National Liberation Front and Commander Daniel Ortega, its candidate for the presidency.

"I have never seen Violeta, but I trust her," Commander Freddy, who leads a team of special contra forces, said. Wearing battledress and with a Kalashnikov over his shoulder, but with a UN helmet on his head, he said that the "contras" have been "the main obstacle to the Sandinist dictatorship." "It is thanks to us that there were democratic elections," he said. "We forced the Sandinists to hold them and to honor the results. But the war is not over just because the opposition has won. We now demand that the Sandinists hand in all their weapons. That can only be done through the United Nations and the OAS, which already have two commissions in the country" (the International Support and Verification Commission and the UN Organization for Central America, which has the task of monitoring aid from neighboring countries to the local guerrillas).

Like all his men, Commander Freddy is less than 25 years old and has been fighting since the start of the war. These young peasants from Jinotega Department know the region very well and have the support of the population, who supply them with food and information about enemy positions. They are prepared to continue the war if necessary, but most prefer to work their land and return to their families, who they have not seen for several years. "We must throw the weapons into the sea or put them in museums as soon as possible," they said.

"We can survive very well without U.S. aid, as we have done in the past," they stress. There seems to be no shortage of weapons despite the suspension of U.S. military aid for more than one year, and each combatant carries at least seven 30-round magazines for their Kalashnikovs. "If we are avoiding fighting," they say, "it is not for lack of munitions but rather to avoid being accused of breaking the peace agreements." The rebels' morale, which has experienced highs and lows over the years as a result of internal divisions and the lack of resources, has been particularly high since the opposition's victory in the 25 February elections. They have no hesitation in approaching the villages and calling meetings to explain their intentions. They have discussions with the peasants who are no longer afraid of showing their support.

What has happened to the Sandinist troops, which until very recently relentlessly pursued the insurgents to the remotest corners of the country? "The army began to withdraw about 10 days before the elections," Commander Clifford replied. "We do not know why or where they went. Whatever happens, we are prepared to face them." At the same time, the contras are continuing their infiltrations from their camps in Honduras, where around 10,000 fighters and their families are located. In addition, some 5,000 well-armed guerrillas are scattered throughout Nicaragua's mountainous regions and live essentially on aid supplied by the rural population.

The contra leaders are not frightened by the threats made by Sandinist leaders who brandish the specter of civil war if the rebels do not lay down their arms. "The Sandinists have more reasons to be worried than we do, because we know that there are large-scale desertions from the Army," Commander Clifford maintained, thus confirming a persistent rumor. "Every day we find arms abandoned by young recruits from the Hilario Sanchez de Tomatoya Military Academy. We have learned that this is also happening in other regions."

The statements by local contra leaders correspond to statements by their new chief of staff, Commander Franklin—whose real name is Israel Galeano—who is directing operations from the camps in Yamales on the other side of the border with Honduras. "We will not demobilize," he said, "until the democratization process is irreversible." The approaches made last week by the United States—the State Department sent Harry Schlaudeman to Honduras—to persuade the rebels to lay down their arms have not produced any results. Confirming that Washington seems to have lost all its influence over the contras, a U.S. diplomat reacted to this failure by saying: "It is now up to the United Nations to deal with this problem."

Panama

Ex-FDP Members Reportedly Behind Bar Attack

PA0703222790 Hamburg DPA in Spanish 2102 GMT 7 Mar 90

[Text] Panama City, 7 Mar (DPA)—Members of the defunct Panama Defense Forces [FDP] are reportedly part of the newly formed 20 December National Liberation Movement (M-20) that on 2 March claimed credit for the attack against a discotheque bar where a U.S. soldier was killed and 16 other people were wounded, a local radio station, citing a reliable source, reported today.

The report added that a ranking leader of General Manuel Antonio Noriega's regime is behind the planning and financing of the terrorist operations.

After the U.S. invasion of Panama, anti-imperialist slogans signed by the M-20 appeared throughout the capital city and in the populous district of San Miguelito, accusing the government of President Guillermo Endara of being a "puppet of the United States."

The local radio station also reported that the Panamanian authorities are tracking this organization, which is based in the populous district of San Miguelito, center of resistance during the U.S. invasion.

Meanwhile, Ricardo Arias Calderon, Panamanian vice president and government and justice minister, has stated before the Chamber of Commerce that some of the biggest problems in Panama are drug trafficking, the proliferation of weapons, and a possible guerrilla cell.

He explained that in Panama there are approximately 3,000 men trained in weapons' usage and prepared to launch guerrilla activities. These would include the paramilitary Codepadi [Committee for the Defense of the Fatherland and Dignity] that was created by Gen. Noriega to begin urban guerrilla actions in Panama.

Ford Says 'Nobody Pressures' Nation With Aid

PA0803041190 Panama City EL PANAMA AMERICA in Spanish 6 Mar 90 p 1

[Text] Guillermo Ford, second vice president, and minister of planning and economic policy, warned on 5 March that Panama "will not accept" any foreign economic aid if the country is "pressured" into easing banking secrecy laws.

Ford made this statement after a private meeting, where drug-trafficking and money-laundering problems were discussed, of Panamanian and U.S. officials at the Foreign Ministry on 5 March. The meeting included Foreign Minister Julio Linares, Attorney General Rogelio Cruz, and U.S. Ambassador Deane Hinton.

According to the minister of planning and economic policy, Washington "is not asking" anything regarding these matters. However, the Panamanian Government, "in a sovereign manner," seeks to undertake the necessary measures to wipe out all aspects of drug trafficking.

Despite the fact that some members of the U.S. Congress are trying to condition aid on easing banking secrecy, Ford said that "nobody pressures" the current government "and the government is not kneeling before anybody."

Ford Says Government 'Will Not Beg for Alms'

PA0703184790 Panama City Telemetro Television in Spanish 2303 GMT 5 Mar 90

[Speech by Second Vice President Guillermo Ford to the Union Club Cultural Affairs Committee in Panama City on 5 March—recorded]

[Text] We have to provide solutions to the hunger problem. We cannot wait, but on the other hand we must understand that we found the government's financial situation in disastrous condition. We found the National Bank of Panama with only $6 million in its vaults. There was a central government overdraft of $970 million in the National Bank of Panama. While the bullets were flying and while the paramilitary groups were looting the city, bankers, who we thought were honest, were opening the banks' vaults and stealing bags of cash. Those bankers are still in hiding and some are being sought. Some of them have already been caught.

Those who think the U.S. Government is obligated to give us one dollar or $1 billion are making a serious mistake. This government, which wants to represent this noble people with dignity, will not beg for alms from anyone. [applause]

This morning, the French ambassador brought a team of experts, not for investigation, but for investment purposes so we can start working on the port center project, which we have heard so much about for the past 14 years. The problem was that the Panama Defense Forces, which no longer exist, wanted it all for themselves and they were obstructing the project.

We have a well-drafted plan, thanks to Engineer Moreno, who is doing a tremendous job on our railway modernization. We cannot continue to offer opportunities for investment in Panama if we do not even have the infrastructure.

We have made the decision —and we have already held talks with Japan—to draft a feasibility study for the construction of a freeway between Panama City and Colon.

We are not dreaming, but money will not fall from the sky, either.

All of these projects take time, and we know that the poor are feeling hunger pangs. That is why we have come up with two clear proposals. With the few resources the government may have, we will create jobs for the needy. These 5,000 temporary jobs we have created, which will last approximately four months, will at least alleviate the desperation of the poor. We have requested an immediate stopgap loan of $20 million, which we hope will be approved this week, to create at least 15,000 additional jobs, because democracies are not consolidated with speeches or promises but with practical solutions.

Commentator Criticizes U.S. 'Promises,' 'Excuses'

PA0703194490 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Mar 90

[Station commentary]

[Text] The democratic spirit of the Panamanian people became evident once again when the iron fist of the dictatorship became unacceptable for most of the people in the country. That is why the people stoically endured the consequences of the pressure that the U.S. Government exercised over the past two years to suffocate the dictatorship, knowing full well that the people were being suffocated more than the dictator. Along with his cohorts, the dictator wallowed in opulence while the poor were starving.

Since the beginning of the people's stoic resistance, the U.S. Government pledged to provide support—immediate and sufficient aid—whenever the dictator and dictatorship ceased to be, giving way to total democracy. The day of destiny arrived; the invasion came; the dictator fell; and democracy was installed. However, the U.S. promises have not evolved into anything but promises.

Every hour of every day we receive excuses. Every U.S. pronouncement is a million words that disguise a pretext that does not even return our millions of dollars that are frozen up there. Politics is at the root of the conflict among the Senate, the Congress, the President, the Republican Party, and the Democratic Party, who pass the ball from one to another without fulfilling the commitment of at least a small part of what was promised to us.

We have to speak clearly and immediately. They should say whether or not they are going to keep their promises to the country that, since the beginning of this century, has been the most friendly, and they should admit it if, in addition to not giving us anything, they are going to keep what is ours.

No matter how bitter the truth may be, it is better to know the truth than to have us come to the perhaps mistaken conclusion that our friend is demonstrating through deeds that he is becoming our worst enemy.

Bomb Threat at Attorney General's Office

PA0603215990 Panama City Radio KW Continente in Spanish 2104 GMT 6 Mar 90

[Report by Homero Londono]

[Text] We had just arrived at the Attorney General's Office and were about to go upstairs when we were advised we could not do so because they had just received an anonymous call warning about a bomb. At this moment, all personnel working at the prosecutors' offices and the attorney general's office are in the process of evacuating their offices. They are already in front of the building, waiting for the proper authorities to investigate the call—received at second floor office—warning about the bomb. Let us listen to the employee who received the call:

[Begin recording] [Unidentified employee] A man called and told me we had 30 minutes to get out of the Attorney General's Office because a bomb was going to explode. That was all.

[Londono] What was his voice like?

[Employee] A male voice; an ugly voice.

[Londono] Did he mention any threats against anyone in particular?

[Employee] No, he did not say anything else, just that, and then he hung up. [end recording]

At this time, as I previously said, the personnel working at the Attorney General's Office have evacuated the building and are waiting for the investigation to be conducted on this new bomb threat, this time at the place where investigations are being conducted on various accusations and law suits against former supporters of the General Manuel Antonio Noriega regime. We will have more information later.

Riot Police Evict Squatters With Tear Gas

PA0803043890 Paris AFP in Spanish 0328 GMT 8 Mar 90

[Text] Panama City, 7 Mar (AFP)—Riot police of the Panamanian Public Force [FPP] fired birdshot and tear gas grenades at 300 "squatters" on privately-owned land in this capital, the private radio station Radio KW Continente has reported.

In its first action since Guillermo Endara's government was installed in the wake of the U.S. invasion last December, the riot police arrived in trucks at the occupied lands and destroyed the shantytown cardboard and wooden homes built there, the source added.

The police action occurred after hundreds of inhabitants from four middle-class sectors blocked the principal streets leading to the inhabited lands, demanding that the "squatters" be evicted.

The lands belong to Tomas Altamirano Duque, director of the influential newspaper LA ESTRELLA DE PANAMA, former legislator of the opposition Democratic Revolutionary Party (PRD) and close associate of General Noriega, overthrown during the U.S. military intervention.

First Vice President and Government Minister Ricardo Arias ordered the riot police operation, after warning that "the invasion of privately owned or public lands" will not be permitted.

During the last two months, thousands of homeless Panamanians have occupied private and public lands in several provinces of the country. The FPP was created by the current government to replace the dismantled Panama Defense Forces, which were led by Noriega, who repressed the antigovernment demonstrations with the riot forces popularly known as the "Dobermans" and the "Centurions."

[Panama City RPC Television in Spanish at 2300 GMT on 7 March carries a short report on Arias' orders to the squatters to vacate the public and private lands, without mentioning the use of the riot police and tear gas.]

University Students Demand Dean's Dismissal

PA0703200390 Panama City EL PANAMA AMERICA in Spanish 7 Mar 90 p 7A

[Reported by Eduardo Alvarado]

[Text] University of Panama students seized the office of the dean of the School of Public Administration on 5 March and stated that they will not leave the office until University of Panama Director Abdiel Adames dismisses the school's dean from his post.

Student leaders reported that this forceful measure is being taken against Dean Cecilio Simons [well-known supporter of the Noriega regime] to call Panama University officials' attention to the current tense situation in the School of Public Administration.

At this moment, the School of Public Administration is a battlefield where administrative personnel, professors, and students confront each other and where the conflicting parties have levelled serious charges against one another before university and legal authorities.

Professors and students have requested that Dean Simons be fired for violations of the University of Panama's Law 11. At the same time, the dean of the School of Public Administration has publicly charged that a group of professors has been plotting to kidnap him.

Argentina

Defense Minister Meets Visiting PRC Minister

PY0703235290 Buenos Aires TELAM in Spanish 2328 GMT 6 Mar 90

[Text] Buenos Aires, 6 Mar (TELAM)—Defense Minister Humberto Romero and PRC Aerospace Industry Minister Lin Zongtang met here today to examine areas of common interest and define mutual cooperation projects.

The Lin delegation was accompanied by PRC Ambassador Li Guoxin and military attache Yuan Kan Ying. The delegation is an advance team for the May visit to Argentina of the PRC president.

The talks between Romero and Lin were held under the terms of the 1988 cooperation agreement on aerospace research and development.

The PRC delegation will stay in Argentina until 9 March. It consists of a technical and commercial working group led by Du Jinling, deputy director for planning at the Aerospace Industry Ministry.

Lin is scheduled to meet with Jose Julia, chief of staff of the Air Force. He will also tour the Cordoba-based military aircraft factory which produces the IA-63 Pampa advanced training aircraft, and will meet with Colonel Jean C. Uranga, head of the Area of Production for Defense.

National Grain Board Signs Agreement With Iran

PY0803035890 Buenos Aires TELAM in Spanish 0041 GMT 8 Mar 90

[Text] Buenos Aires, 7 Mar (TELAM)—The sale of 460,000 tons of Argentine wheat to Iran has been arranged through an accord signed by the National Grain Board [JNG] and the LJ Government Trading Corporation [preceding three words in English]. They also agreed to similar operations over the next three years. In a press communique the JNG reported that the agreement, signed in Teheran yesterday, is the conclusion of several meetings held in Buenos Aires and Teheran in February.

The agreement, which was signed by JNG chairman Guillermo Moore de la Serna, establishes the price at $140 FOB [free on board] per ton of wheat. The shipments will be made in April, May, and June this year.

The agreement also provides for technical cooperation in the areas of the production, industrialization and grain train. This cooperation "will strenghten even more the commercial ties" with Iran, "which is a very important purchaser of Argentine grains and oilseeds," the communique added.

Truck, Several Supermarkets Looted in Rosario

PY0703153690 Madrid EFE in Spanish 1155 GMT 7 Mar 90

[Text] Rosario, 7 Mar (EFE)—It was reported in Buenos Aires today that three supermarkets and a truck carrying foodstuffs were looted in Rosario despite heavy police patrolling.

Early this morning about 100 people stopped a truck that was carrying foodstuffs and slippers and and managed to steal most of the merchandise before police stopped them by shooting into the air.

A supermarket in southern Rosario—369 km northeast of Buenos Aires—was raided by a large group of women, youngsters, and children. The people went into the supermarket, filled their bags with goods, and left without paying. Swift police action led to six arrests.

A short while later, a group of women went into another supermarket, this time in western Rosario, filled their bags with foodstuffs and left. The police managed to arrest six people there as well.

Yet another supermarket in western Rosario was raided by some 10-15 youths who took away foodstuffs. The youths were chased away by the owner of the supermarket.

Brazil

Economy Minister-Designate Holds News Conference

PY0603211090 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 90 pp 8, 9 Economic Section

["Text" of news conference by Economy Minister-designate Zelia Cardoso de Mello with foreign and domestic reporters on 1 March; place not given]

[Text] [TV Globo] One can expect that by 15 March, when you will be assuming your duties, inflation will stand approximately at 100-percent monthly. One might expect it to even be higher and that tough measures will be have to be taken. What can we expect in the areas that affect everyone; that is, prices and salaries? Will there be a difficult period of tightening our belts?

[Cardoso] We formulated an economic program during the electoral campaign. The guidelines of this program are being hammered-out as we draw closer to the inauguration and as we get more detailed domestic economic figures. In the meantime, our work continues to be based on the principles that guided the formulation of our economic program; the principles defined by presidential candidate Fernando Collor de Mello.

Basically, we believe that the enemy we must fight is inflation and that in this endeavor we must take courageous measures. Yet we have made a commitment regarding salaries; that is, that no adjustment we attempt will hurt the working class. The imminent possibility of higher rates of inflation, and the possibility of a deteriorating situation, will not cause us to overlook our two basic commitments: our commitment to rigorously fight inflation, sometimes with harsh measures, and our commitment to preserve the working class' purchasing power.

[TV Globo] What about prices?

[Cardoso] I was talking about prices. Our anti-inflationary program seeks to promote price realignment in hopes of putting an end to that ghost which complicates everyone's daily life; the steady increase in prices. For that purpose, we have designed a program based on those points that were described time and again during the electoral campaign: deep fiscal reform; an administrative reform that the transition team is currently drafting and is close to completing; a reform affecting government property; and the renegotiation of our foreign debt. We believe that the implementation of these four points will quickly bring inflation down.

[Radio Jovem Pam] In addition to a price freeze—a possibility that has already been ruled out by several members of the new government—there is also the subject of the indexation of the economy. Economists from virtually every sector regard indexation as a stumbling block for efforts to curb inflation, because everything is automatically adjusted on the basis of past inflation rates. What is your view regarding this question? Do you believe that you will have to change indexation, and that monetary correction will have to be cut? Or does your program not envisage this type of action?

[Cardoso] Our program envisages the deindexation of our economy. Yet the great question prompted by deindexation is how to cope with past inflation. The plan we are formulating, as I said earlier, contains those basic points. Based on the implementation of the points that I mentioned earlier—that is, based on a fiscal adjustment; on administrative reform; on a reform affecting government property, which includes a privatization program and a program to sell assets; and on the renegotiation of the foreign debt—we, together with our whole society, will be able to determine the best way (the best in the sense of the most efficient and the most just) of deindexing our economy.

[JORNAL DO BRASIL] Minister, does the agenda of the delegation going abroad on 15 March to negotiate the foreign debt include negotiations with the IMF?

[Cardoso] Undoubtedly, it includes negotiations with the IMF.

[SBT] [Brazilian Television System] Recently, President Collor avoided answering a question, claiming he was not an economic consultant. Madam, you not only own a consulting company, but you are the president's main consultant as well as economy minister. What should small investors do with their money at this moment?

[Cardoso] Look, I already talked with someone who asked me this and I think that the same answer applies. I said the little money I have is in the over [preceding word in English] [overnight market].

[SBT] Will it remain there after 15 March?

[Cardoso] It will remain there.

[REVISTA EXAME] First, I want to compliment you on your selection, on your position, and I hope you will fulfill the hopes of the entire society. I want to ask if you will have complete independence in forming your team at the Economy Ministry or, if all the names will have to be taken to President Collor first. Do you expect to receive the support of members of the current government? Madam, will your team already be completely formed on 15 March?

[Cardoso] I will start with your last question. On 15 March, the team will be complete. It is important to bear in mind two things, and these two things allow me to answer your question very easily. First, the president of the Republic and his ministers closely identify with certain beliefs and principles. Obviously, there are conditions for them to be ministers; a very strong and mutual confidence. In this regard, all the names will be agreed upon between the president and his ministers because they are governed by principle, the principle of shared beliefs and the principle of confidence. This is the first point.

The second point is that throughout the state apparatus there are top notch people. There are people, citizens, who through all these years worked, applying their competence, their labor abilities and many times were defeated. They were defeated for various reasons. Our idea is that all those people who are competent, patriotic, and loyal, all those people, no doubt whatsoever, will have to be fully used and highly valued beginning 15 March.

[TV Manchete]: Minister, do you not think that if Collor's transition team had accepted President Sarney's proposal to co-govern during these last two months, the current situation might be better, or at least we would not be faced with readjustments and public tariff increases?

[Cardoso] No. The transition is under way and it should be made quite clear what is the difference between a correct transition—a harmonious, civil transition—and cogovernment. President Collor turned down the proposal. He wanted the transition to go as well as possible and instructed us to make it smooth. We have been in contact with government authorities at all levels and in all areas. We have had access to information thanks to the government's open door policy. The information we have obtained has allowed us to make more accurate and precise studies and projections. This will allow the government team as a whole to start calmly on 15 March, when it will effectively start its work, without the need for interruptions that would be extremely harmful to

Brazilian society. Because, after all, we are talking about public services and reorganizing the economic policy, and it would be very unpleasant if there were an interruption in public services or if the transition were to pose some sort of problem for the citizenry. Therefore, in following the president's guidance, what concerned us most was to carry out this process in the most civilized, harmonious way possible, in order to avoid any interruption. Now we must establish responsibilities. Both the outgoing and incoming government have their own responsibilities.

[Agencia Alema] Minister, how do you intend to attract foreign investments?

[Cardoso] The foreign investments issue must not deal exclusively with foreign investments, but also with private national investments. We believe what the national economy lacks, to operate effectively as a magnet that will attract investments, is confidence. Over the past few years, both foreign and national investors have lost confidence. They lost this confidence, first because of a price system which has lost its value as a guide for investment decisions; because rules are changed continuously, that is, all those aspects cause the loss of confidence. We believe the next government, beginning 15 March, will implement a program which undoubtedly will be successful. This program, to be implemented for the whole term of the administration; will have clear, stable rules, so as to recover the confidence and credibility lost over the past few years. Confidence and credibility, in addition to economic stability, are the essential elements, from our point of view, that will make us regain not only foreign investments, but will also help us convince the national private sector to invest in the productive sector. This is an essential point for us, because it is the only way to regain economic growth and face the serious and profound social inequalities and imbalances prevailing among us. We will be able to fight the serious and profound inequalities and imbalances only by recovering economic growth from the moment we have a stable economy without the inflation we have today; from the moment we manage to have an economy with clear and stable rules and when society regains its confidence in the government.

[Agencia Alema] With free markets?

[Cardoso] The idea of liberalization was mentioned throughout the electoral campaign. We have a commitment—which has been included in our government program—to attain the greatest freedom in all markets.

[FOLHA DE SAO PAULO] President Collor [as received] has said several times that the salary policy will not be changed. You are talking, however, about a plan to deindex the economy. Will you maintain that decision to continue the salary policy, or could salaries be corrected according to monthly inflation; that is, updated to keep pace with the current month's inflation rate?

[Cardoso] Discussions on salary policy always end up creating some misunderstandings; a fundamental point can sometimes be overlooked in the analyses that are usually made. This is the fundamental point: The best salary policy for the working class is to eliminate inflation. Inflation is perhaps the most perverse process of income concentration; it is, without a doubt, the workers' greatest enemy. To the extent that we can implement a consistent program to fight inflation—a program we already have—we believe there will no difficulty with salaries. The working classes will gain as the new government comes to power through the defeat of the greatest enemy, inflation.

[FOLHA DE SAO PAULO] Will the salary policy remain unchanged in your plan?

[Cardoso] We have already talked about that. The statement that there will be no change in salary policy without an agreement with the working class has been made many times.

[Radio Jornal do Brasil] Congratulations on your appointment. Here is my question: You have already talked about deindexation, but I want to know if the BTN [National Treasury Bond] will be continued. What kind of shock will you apply to fix the economy? Will it be a gradual or instant shock? To round off the answer you gave to a colleague, will overnight operations continue in the financial market?

[Cardoso] We have said several times what we think and what we intend to do regarding a shock. The shock to the Brazilian economy beginning on 15 March will be a credibility shock, a confidence shock. As of 15 March we will have a government headed by a president elected by people who cast their votes after long years of electoral abstinence. Even more so, the people elected a president with a government program that will actually be implemented. These are the conditions needed to recover confidence and credibility.

As for the overnight market, I will say once more that it is an important mechanism, an important mechanism for financing. It would be absolutely unprecedented for us to disregard an important financial mechanism.

[Radio Jornal do Brasil] And the "BTN-ization" of public utility rates? Is it true that there will be a "BTN-ization" of public utility rates?

[Cardoso] No, it is not true.

[Radio Jornal do Brasil] And will the BTN be eliminated?

[Cardoso] There is no reason for this. I will not give details regarding the deindexation because we are still studying this matter. You will have to wait a while longer to get better information on this topic.

[TV Record] Minister, I would like to know how the economic team is reacting to the possibility of the current administration increasing public service rates and approving a large increase in the exchange rate. I would also like to know whether the two teams are negotiating over these two issues and whether the announcement of your appointment, which was expected to be announced last, is part of a strategy to, or the result of the necessity to, influence the March inflation rate because it may, one way or another, be attributed to the Collor administration.

[Cardoso] Undoubtedly, part of the March inflation rate can be attributed to the Collor administration. As I said before, however, the amount of responsibility for the current administration and for the future administration must be clearly recognized.

[TV Record] Are public service rates and the exchange rate being negotiated? Is the Sarney administration meeting any of the future administration's demands regarding the possibility of an increase in public service rates?

[Cardoso] We have already commented on that, and I insist that there is no coadministration whatsoever. We have asked for information on public service rates, on the exchange rate, and on the various money flows, and we have received this information, which is useful for our studies and programs.

[O GLOBO] At the beginning of the news conference you mentioned that you have written down several modifications to be implemented before proposing a national accord. I would like to know whether there is a deadline for proposing the accord and if the government believes that the ideal formula for the deindexation of the economy is to preestablish an index for all prices, as implemented in 1988. This policy was successful for a short period, but it eventually failed because the Sarney administration was not trusted.

[Cardoso] These modifications will be implemented on the first day of the new administration, because these are basic issues. We are taking all the necessary steps to implement these modifications on the first day, and the national accord will not come much later. In our opinion, we have been working for this national accord since the day the new president was elected. We believe that this accord will become reality immediately after the installation of the future president of the Republic. We believe that we cannot waste a minute in the difficult task of fighting inflation and that all steps—actions related to society, actions within the state apparatus, the ample modifications, and actions related to political leaders—must be taken immediately in an articulate, orderly, and simultaneous fashion. We believe that we can only win the fight against inflation if we achieve integration, broad accord, and effective coordination among all sectors of the government—the political, administrative, and economic policy sectors.

[O GLOBO] Will you adopt a policy that preestablishes an index for salary and price readjustments? Would that be a way to fight inflation?

[Cardoso] This is another point I will explain later.

[O ESTADO DE SAO PAULO] Minister, you said that the worker will not pay for that adjustment, which will apparently reach seven percent of the GDP. Who will in fact pay for it? The financial sector today represents 13 percent of the GDP. Will it continue to be the same size?

[Cardoso] The fiscal adjustment and reforms we are studying are aimed at making the Brazilian economy more efficient, because the only way to solve the conflict over the distribution of the GDP without increasing inflation is to increase productivity. The measures we are contemplating in all areas are pointed at that objective. When we speak of administrative reform, we are aiming at the same objective; when we speak of a new industrial policy, of a new foreign trade policy to gradually expose Brazil to international competition, the objective is the same: to increase productivity. This means that all the reforms in all the areas in which we are working are aimed at the same objective of attaining greater efficiency, of creating conditions that are conducive to increased productivity. This is the only way to prevent the distributive conflict that will sooner or later be reflected in increased prices.

All sectors of the Brazilian economy should be adjusted to the new scenario, to a new, very low level of inflation, to greater international competition. The extent of the adjustments will be seen as soon as they are made. Within that comprehensive program, however, all sectors of the Brazilian economy should adjust themselves. We are proposing in-depth reforms which, from our point of view, will mark a new era for the Brazilian economy. The 1990's will no doubt mark a new era for the Brazilian economy. We understand this and President Collor's concerns, desires, and directives toward giving a new look to the Brazilian economy and Brazilian society, with greater efficiency, keener competitiveness, and more social justice. Each sector should adjust itself to that new reality.

[GAZETA MERCANTIL] There are two things I would like to mention. First, you have mentioned the government guidelines that are being fulfilled; the guidelines prepared at the time of the campaign. My question is this: What are the main changes included in those guidelines, especially in terms of the objectives and the important elements that will be used to guide the economic agents? Second, what has changed regarding the foreign debt issue, the renegotiation, because you and the president have, I believe, indicated that the proposal for the decentralization of the renegotiation, and the withdrawal of the guarantees from the contracts for the foreign debt are no longer valid and that there would be a slightly more orthodox model for renegotiation? These are the two observations I would like to mention, together with our congratulations for your election win.

[Cardoso] Thank you very much. I will begin at the end, with the question on the foreign debt. I have already told some journalists that our proposal regarding the foreign debt has never been perfectly understood. Our foreign debt proposal has two basic components which have not changed at all. The first component is this: We will not restrict and we will not sacrifice Brazilian economic growth to pay the foreign debt. Our economic growth is not negotiable. Second: We do not want confrontations, we want negotiations. Given those two basic guidelines, several proposals and several possibilities regarding the foreign debt will have to be studied so as to find a final solution to the foreign debt problem. The other point that was established during the electoral campaign and that has not been changed specifies that although our growth is not negotiable, we are willing to send abroad a percentage of our GDP [gross domestic product]. A figure was already established, it has not changed, and it will be respected. There is a restriction on the amount of remittances that can be sent abroad, an amount which will be compatible with that objective of economic growth and that will be especially consistent with our adjustment program. In complying with this restriction, all alternatives will be studied. We are open, and we want the creditors to be open, to a good solution to the foreign debt issue that respects our condition. The proposal for decentralizing the foreign debt is still on the table because it opens a new field of negotiation. Since this one now exists, there can be other proposals. We want to offer our creditors a menu of options to be negotiated, taking into consideration our essential restriction. This is the essential point. Is it clear? This means, therefore, that there are no changes, and since there are no changes regarding the foreign debt issue, then there are no changes regarding the other points; the other points are still valid. We are progressively giving further details, that is, gradually finalizing the details This can often give the impression that there are changes. These changes stem from the economic situation. When we are dealing with numbers, any small change in the numbers makes a great difference. Regarding general principles, there have been no changes. Regarding the foreign debt, I would like to further explain one point because I consider it essential, and to add something to the question, regarding the IMF.

The truth is that we are making profound changes, not only in the foreign debt, but in the entire Brazilian economy. Contrary to the current policy where the economic program was subordinated to the foreign debt negotiations, we are making profound changes. We have drawn up an economic program and that program will be fulfilled. The negotiations with our foreign creditors will be held in accordance with the economic program. We believe that this is the basic difference in practice from the current policy which tried to negotiate and to fit the restrictions to the economic program. We will do the other way around. We have an economic program and we are going to negotiate with all the organizations, including the IMF, in accordance with that program.

[TV Bandeirantes] Madam Minister, which measures will the new government first submit to the bloc leaders in Congress?

[Cardoso] We plan to be on good terms with Congress. Our objective is to be in permanent contact with all party leaders to guarantee that they receive information in the best way possible, that all their questions are answered and all their doubts clarified. We believe that as soon as the program is totally ready.... [changes thought] The major points of the program have already been described. As I said, however, we are making some refinements and adjustments that depend on input [preceding word in English] that we do not have, we are about to receive, or we will receive in some time. When we feel that the program is as complete as possible, we will contact party leaders to clarify everything and to rapidly reach a consensus to implement the measures.

I would ask you to ask only three more questions.

[ISTO E SENHOR] Congratulations on your appointment. I would like to ask you about some political issues. Congress has even agreed to extend the presidential term, but it has rejected most economic measures, especially the structural measures that sought to introduce changes into the economy. Under these circumstances, on what grounds do you expect Congress—the same Congress that rejected far-reaching measures a short time ago—to approve your program? This means that the success of your program depends on a political decision.

[Cardoso] There are some major points that make us feel confident. First, the fact that the president was elected by a significant portion of the population, after a long period without democratic elections, has actually brought tranquillity to all Brazilians. It was not a case of electing just a presi[illegible] was also a case of electing his program of govern[illegible]hich was publicized through all channels durin[illegible]ctoral campaign. The president was elected an[illegible] was his program, which society was already familiar with. Congress will obviously have a different type of relationship with a president elected under those circumstances. This is the first point.

Second—and this is a very important point—we are absolutely sure that we are presenting a consistent program of government to Brazilian society, a program of government with a short-term objective. This objective, which is to curb inflation, is consistent with the major objectives of resuming economic growth, eliminating social inequalities, and overcoming misery.

As I said, we will undoubtedly introduce important changes into the Brazilian economy, and you will see this on 15 March. We are sure that the Congress and party leaders will not ignore this new situation in the Brazilian economy. This means that Congress will notice, like Brazilian society already has, that major transformations are being proposed to solve our most pressing problems, which are basically the inflation rate and structural economic problems. We can no longer continue to live like this; there are serious problems, difficulties, and basic inefficiency, all of which is upsetting everyone's daily life.

I really do not believe that Congress will remain insensitive to a major transformation implemented by a president elected by a majority of Brazilian voters.

[O ESTADO DE MINAS] First, congratulations on your appointment. I would like to ask you two questions on criteria issues; things that are included in the new government's economic program. The first is about the issue of privatization. It was said that the first privatizations could involve those enterprises that were not created by law and would therefore not require authorization from Congress. I would like to know if you will begin this right away or if all privatization processes will be submitted to Congress, along with the privatization criteria. I would also like to know about the criteria for dismissing public servants.

[Cardoso] Regarding privatization, we understand this issue and are working in that direction. In all privatization processes, we want to have some fundamental guidelines. The first fundamental guideline involves honesty; the second involves confidence. It is not possible to implement a process of privatization which somehow makes society feel damaged. It is important to remember that state-run enterprises, mixed-economy enterprises, or corporations that can be privatized belong to all of us; they are public property, the property of all Brazilians. Therefore, the honesty criteria and the confidence criteria will always be respected. Obviously, Congress will once again play a fundamental role; it is Congress that represents the people and it must verify all these mechanisms to represent and protect the public interest. This is a fundamental point.

Regarding administrative reform, it is also important to understand the goal of this administrative reform and the very conflictive issue of the number of dismissals that could eventually take place. The administrative reform is one of those great transformations that we see as fundamental in the current Brazilian economy. It is not just a union or a merger of ministries simply aimed at reduction. We actually want the state to recover its ability to coordinate, to organize, always with a fundamental goal. The fundamental goal is for the person who receives the state's services—ultimately the taxpayer, the neglected person—to receive the best possible service. We have noticed over the past few years that, for a number of reasons, the state has lost this ability. The state lost its ability to coordinate, its ability to organize, its tools. In this process of administrative reform we are making serious discoveries regarding the loss of the state's ability to exercise its principal function: to serve the public, to serve society. We want the state to recover that ability. We want the final consumer, the taxpayer, to receive good service when he or she goes to a clinic, when he or she goes to an employment office, or when he or she looks for a school for his or her child. This is our objective. To achieve this objective, those activities seen as goals in themselves should take precedence over those seen as means in themselves. In this administrative reform process we are noticing that over the past few years those activities seen as means in themselves have increased greatly, and this leads in the end to a very large amount of waste. You gentlemen should become acquainted with some of these figures.

Today, for example, for every cruzado budgeted for health expenditures, barely 50 cents reaches the final consumer; 50 cents is lost, wasted on activities regarded as means. The objective of the administrative reform is to put an end to waste and to be more efficient in terms of serving the final consumer. We will obviously have to reassign government officials, redistribute government officials, with the goal of having more government officials, more services at the end and not in the middle, with the goal of achieving austerity, which is a principle of the Collor government. We will also have to put an end to distortions of public service, forms of gratuities that, from our point of view, do not follow that principle of austerity. We will have to put an end to people holding two jobs or three jobs. In short, we will have to put an end to several current distortions. This will probably result in dismissals. Nevertheless, to quote any number, as done by the newspapers, would be absurd; we cannot decide arbitrarily. Our objective is to implement an administrative reform that will help the people, not one that will harm the people. Any rearrangement of the government apparatus will be made with this in mind.

[O ESTADO DE MINAS] Will the criteria for privatization take into account whether an enterprise is making a profit or not? Which enterprises will be privatized?

[Cardoso] The following criterion will be followed for privatization purposes: Privatization must be considered from two standpoints. Privatization can be regarded as mandatory, based on the new standard financing system we want to establish within the Brazilian economy. The other aspect of privatization is our belief that the state must withdraw from those areas in which its presence can be considered unnecessary so that it can more effectively provide those services that we consider as indispensable. We believe it is indispensable for the state to act effectively in the areas of education, health, housing, mass transportation in urban areas, and sanitation. There are other areas in which the state is absolutely dispensable. This is a fundamental criterion: Even if they are making profits, those enterprises in sectors in which we do not believe the state should be involved will be subject to privatization. The other criterion will have to do with the requirements of the new standard of financing. We are currently experiencing deep financial strains in transportation, communications, and electrical energy. Thus far these sectors have been monopolized by the state, but the state is virtually bankrupt and unable to make investments. We want the private sector to make new investments in these areas to solve these financial strains. We intend to gradually open what we have described as borderline privatizations [privatizacao na margem] in those areas, which were previously monopolized by the state. We will do this to obtain new investments with the main goal of doing away with these financial strains, which are in fact jeopardizing and halting our economic growth. These are the two guiding principles. There is also a third principle which is equally important: the democratization of capital, the splintering of capital. We want the workers to be included in the process of democratizing capital. This is also a fundamental point for us. Following these three principles, we are making a list of enterprises that could be privatized.

[Radio Inconfidencia] Minister, will a single fund be created in the social security area? Will the IAPAS [Institute for the Administration of Social Assistance and Welfare] be subordinated to the Economy Ministry or the Labor Ministry?

[Cardoso] The IAPAS will remain under the Labor and Social Security Ministry. Before closing this news conference, I would like to say something I did not say at the beginning. I want to thank you for coming here and say that I am deeply honored by my appointment as economy minister. I see this appointment as a gesture of confidence by President-elect Fernando Collor de Mello. Not necessarily confidence in me as an individual but, in a new generation, in a line of thinking that seeks to make changes in Brazil and—as he himself said—in Brazilian women. Since I did not have a chance to do so earlier, I want to publicly express my gratitude to the president of the Republic. I consider this a great opportunity not only for me as an individual but for all those people who have long been working to build a better Brazil.

President-Elect Chooses Attorney General

PY0603203390 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 6 Mar 90

[Excerpts] Lawyer Celio Silva will be the attorney general of the new government. He was legal adviser to President-elect Collor de Mello during the electoral campaign. This position will replace the post of legal adviser of the Republic.

Vice President-elect Itamar Franco made the announcement, saying that Celio Silva will be known as the Legal Adviser of the Republic under the new government until the time when Congress approves a complementary law defining the functions of the new Attorney General. [passage omitted]

Lawyer Celio Silva explained the differences between the post of Attorney General and the post of Legal Adviser of the Republic.

[Begin Silva recording] It seems to me that the new Constitution allocates matters in their proper places. The Attorney General will act like a lawyer who has agreed to defend someone without asking whether the defendant is right or wrong. He defends someone who is being tried, doing everything possible to win the case for his client or to exonerate him in a criminal case. The Legal Adviser of the Republic, on the other hand, is a legal prosecutor who helps the judicial branch to apply the law. [end recording] [passage omitted]

Sports Secretary Named

PY0703212090 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 7 Mar 90

[Summary] This morning, President-elect Fernando Collor de Mello announced the appointment of Arthur Antunes Coimbra, a former soccer player known as Zico, as sports secretary of the future government.

The president-elect made this announcement as solemnly as he has made the announcements of minister appointments. Fernando Collor de Mello said that by creating the sports secretariat he was fulfilling a commitment made during the election campaign.

Chile

Pinochet Addresses Nation; 'Mission Accomplished'

PY0803014690 Santiago Domestic Service in Spanish 2233 GMT 7 Mar 90

[Speech to the nation by President Augusto Pinochet upon delivering copies of the "Records of Armed and Security Forces Government: 11 September 1973-11 March 1990" to the Library, Archives, and Museums Directorate at the Diego Portales Building in Santiago—live]

[Text] [lengthy applause] National president of Women Volunteers [applause]; members of the honorable Government Junta and distinguished wives [applause]; Your Excellency the nuncio, dean of the Consular Corps [applause]; Mrs. (Miti Macman de Gonzalez Videla) [applause]; ministers of state and distinguished wives [applause]; comptroller general of the Republic [applause]; senior officers and admirals [applause]; under secretaries of state [applause]; regional, provincial, district, military and civilian authorities [applause]; ladies and gentlemen; Chileans:

I am addressing my fellow countrymen today with great pride and satisfaction as I deliver to the country the three volumes containing the records of the government of the Armed and Security Forces. These volumes reflect the magnitude of the work carried out during the past 16 years by thousands of Chileans, civilian and military, who, thanks to a joint effort, have managed to successfully rescue our nation from the complete ruin it was lead to by the Marxist-Leninist government of the Popular Unity.

The state in which the Carabineros and Armed Forces received the country gives us the right to say our government has laid the foundation for the future.

In fact, in 1973 Chile had lost its identity as a consequence of the attempt to subject it to a foreign ideology that was alien to Chilean reality. Moreover, the harmonious understanding and peaceful negotiation that had characterized the solutions to public problems had been replaced by hatred and confrontation; characteristics of class struggle designed to lead the nation toward totalitarianism.

Therefore, coexistence had become unbearable, to the point of bringing the nation to the brink of civil war. The crisis affecting the country was all-encompassing. It affected the political, economic, and social arenas.

As a consequence, the actions we were to undertake had to be comprehensive and resourceful. Thay had to be comprehensive because we could not only tackle a single sector of the nation. We needed to lay the groundwork for a definite and full development that would benefit each and every Chilean citizen. It had to be resourceful because the institutional system we designed had to be capable of projecting itself into the next century which will be characterized by high technology. In sum, we were faced with an unprecedented challenge and a task with unpredictable prospects. We undertook this task with generosity, unselfishness, and genuine patriotism, loyal to the pledge we made when we joined the Armed Forces.

We have the unselfish support of thousands of Chilean men and women who, on numerous occasions, had to sacrafice their own personal aspirations to help Chile have the historic opportunity to overcome underdevelopment and stagnation.

Every page of this record is a living testimony of what the people are able to achieve when they unite in pursuit of high ideals. When this happens, as in the case of our country in the last 16 years, we find the daily reaffirmation of the links which make our nation very special and which have been inherited from our forefathers and strengthened by the lessons of history.

This is how through 16 years of joint work we have learned, as never before, to value our own natural, human potential. The national unity we achieved filled the Chilean people with a sense of the future and optimism that seemed lost when we took over the destiny of the nation. Therefore, only in this context is it possible to appreciate objectively, dispassionately, and realistically the range of work our government created and developed in all fields of national life. [applause]

Regarding the political arena, we were fully aware that democracy is the form of government best suited to our way of life. This is why we concerned ourselves with introducing the most modern mechanisms to prevent the return of past vices, and especially to prevent once again being institutionally overwhelmed by the actions of selfish people with false ideologies. This is why, with the signing of the constitutional act creating the government junta, we set forth a system of values later complemented by the Declaration of Principles, and the national objectives of the government of Chile. Those values were reflected in the first decrees promulgated by the government; especially in the constitutional acts which, for the first time in Chilean history, considered a special charter which established the basis of Chilean institutions.

The Constitution approved by the people in 1980, and ratified in the July 1989 plebiscite, definitely assures the democracy our government advocates. [applause] When the Constitution took effect in March 1981, we put into operation a gradual process of institutional development based on a clear and precise schedule that was fulfilled step by step until the point was reached when it was possible to hand over political power to new authorities. The necessary stability was also gradually consolidated; setting the basis for social and economic progress by creating conditions, without comparison in our history, for development.

This is how the opening of our economy, the confidence in free initiative, and the creative ability of Chileans, has made possible not only domestic growth but also assured the country a competitive position, and in many cases a position of outright leadership, in international markets. [applause]

Undoubtedly, this favorable development increased the living standards of the Chilean people and improved conditions for Chilean families.

In this sense, and thanks to the subsidizing role played by the state, we managed to significantly curb poverty, a scourge that undermines human dignity by denies access to the living standards to which people are entitled.

Fellow countrymen: Today I can say with a clear conscience and great satisfaction that the mission undertaken in September 1973 has been fully accomplished. [applause] Moreover, we have fully surpassed the goals set on that date. Proof of this lies in this record which is intended to fully reflect the work carried out by thousands and thousands of Chileans throughout the country who believed in the principles and inspiration that moved our government.

We hope this record will be a historic legacy that will allow future generations to fully appreciate the results of this effort; to justly and objectively appreciate their fathers' efforts for the benefit of the fatherland.

Moreover, these records are intended to be the testimony of one of the most fruitful periods of our history. I am certain the people will resort to these records in an attempt to understand future events significant to national interests.

I want to end by voicing my sincere hope that these records will be used by each and every one of you, and your children, as a testimony of your own effort and as the best proof of the determination, self denial, and courage of the Chilean people. [applause]

Chileans: I have faith in the Chilean people and hope for their promising future. I have hope because throughout these 16 years of joint effort we have established an institutional system whose strength and logic represents the strongest foundation for continued advancement toward full development.

Therefore, it is the duty of all citizens to safeguard this system with the tools provided by our Constitution; to defend the democracy we have built with so much effort and sacrifice.

Let us never forget that we were capable of pulling Chile out of ruin; that we have built a new, modern, and growing country; [applause] that its advance toward full development does not require ideological recipes and, less still, dogmatic plans which today have proven a failure throughout the world. [applause]

All that is required is the determination of each and every one of us and our unselfish contribution to the cause of liberty, order, development, and social justice.

As a consequence, let us now and forever promise to never let our country cease being the proud, sovereign, and free fatherland that we so much desire. [applause]

Long live Chile.

Pinochet Discourages Changes in Military

PY0703125290 Santiago Domestic Service in Spanish 0149 GMT 7 Mar 90

[Address by President Augusto Pinochet to members of the Armed Forces at the Bernardo O'Higgins Military School in Santiago—live]

[Excerpts] [passage omitted] Ladies and gentlemen: It would take too long to enumerate all the goals we have achieved for the sake of the common good and, knowing the Chilean soldier as I do, it would not been in keeping with the modesty that characterizes him. However, at this moment of memories and meditation it is hard not to, at least briefly, recall the reasons for the satisfaction and the pride that the military men throughout this country feel.

The national defense institutions take their inspiration from a set of deep, patriotic, and moral principles. These spiritual qualities unite those of us who serve in these institutions. These values and virtues are deeply ingrained in the hearts of our troops following many years of faithful service to our historically unblemished fatherland. They also represent an inexhaustible source of energy with which to face the most difficult challenges.

History has effectively shown us that even the best combat force is useless if, in addition to having the latest technology, the soldier does not know why or for what he is fighting. Chile, however, has professional soldiers who have been well aware of their raison d'etre during these past years. More than that, they have proven that they cherish the values that identify the nation. To ignore this would mean regarding the soldiers as mere mercenaries, lacking the spirit that encourages and strengthens their arduous duties.

Therefore, any attempt to modify our institutional course, under the pretext of modernizing, professionalizing, or democratizing the Armed Forces of Chile, will be fully rejected [applause] because doing so would mean placing the very foundations of the military institutions at stake, and thus those of the entire fatherland.

The soldiers of Chile are faithful heirs and upholders of the most cherished military virtues, among which we grant great importance to honor, patriotism, discipline, courage, and loyalty.

A high level of honor was required to go to the defense of the fatherland at a moment when it was being destroyed by those who tried to establish a Marxist-Leninist dictatorship in Chile.

The soldier is aware that if he is to act with honor he must set aside all personal interests and must wear his uniform with pride without being influenced by cheap offensive criticism from those who direct artful attacks against those who oppose their despicable intentions.

To act with honor means to frankly undertake a commitment, never mistaking caution for humility, shady deals for sensible agreements, or weakness for fair decisions. In other words, honor is a spiritual force that keeps us united and encourages us to strictly fulfill our military duties.

Patriotism is based on honor. Undoubtedly patriotism is one of the most magnificent military virtues. A patriot is an individual, a soldier like so many, who dies fulfilling his duty and would never hesitate to die for the supreme interests of the fatherland.

The soldiers of Chile thus blend their own life with that of the fatherland. The internal force of the military men and their institutions throughout history has been based on this great patriotic spirit. This force has allowed them to successfully overcome each and every obstacle placed in the path that leads to victory. Our government has made unprecedented achievements in Chilean history.

We hope that we have fulfilled our mission. We will await the judgment of future generations because they alone will appreciate our achievements. [applause] [passage omitted]

President-Elect Aylwin Conducts Interview

PY0703154290 Montevideo EL DIA in Spanish 25 Feb 90 p 2

["Exclusive" interview with President-elect Patricio Aylwin by unidentified reporter in Montevideo; date not given]

[Excerpts] [EL DIA] You have been democratically elected as the president of Chile in a process that will be conditioned by rules imposed by the regime of General Pinochet, rules that can only be overcome during a period longer than your administration. Do you accept the label of a transition government for your administration? Are the conditions unchangeable, and which ones would you like to change through political means? A great deal has been said on the legal and military conditions, do these conditions affect the economy?

[Aylwin] [passage omitted] Let me give you a straight answer to your first question. I must say that the institutions we are inheriting from the Pinochet regime have some democratic aspects and some others that are not. My government will strengthen the democratic aspects and correct the other ones. I would not label my government as one of "transition" but of "reconstruction and democratic consolidation."

The constitutional reform approved by consensus last year, during the victory of the opposition in the October 1988 plebiscite, eased some of the ridigity of the original reform's text. This will make our task a bit easier. We cannot say that there are "unchangeable conditions" in the political, military, or economic areas but there are reforms, such as the democratization of the municipalities and the electoral system, which I hope to continue to improve underhindered by any problems. [passage omitted]

[EL DIA] Do you believe that the responsibility for the violation of human rights is limited by the amnesty granted by General Pinochet, and that only later violations can be judged, or do you believe that all violations should be taken into account? Is the human rights issue linked to the type of Armed Forces which is desired?

[Aylwin] The moral conscience of the nation demands that the truth be known and that some justice be done regarding human rights violations.

The amnesty law is not an insuperable obstacle, at least not in most cases. We have categorically stated that we are not willing to judge the Armed Forces. We are only willing to know the truth and to ensure that those involved accept their responsibilities. We believe that we have the appropriate means to achieve this and thus satisfy the national conscience. This is not related to the institutionality of the Armed Forces.

[EL DIA] Will your government propose a redefinition of the Chilean national defense objectives and, consequently, the reorganization of the military cooperation?

[Aylwin] The government program of the Parties for Democracy Coalition does not include any redefinition of the national defense objectives because, in view of their nature, these objectives are permanent.

[EL DIA] How do you think your administration will coexist with Augusto Pinochet as Army chief of staff?

[Aylwin] This is not a real problem. Whoever occupies this position will be subordinated to the president of the Republic. [passage omitted]

[EL DIA] Although Chile has achieved a lot in the field of foreign trade, it remains isolated from the rest of Latin America because of its military regime. Do you think Chile will join the Latin American democratic group and take part in the group's plans for regional integration?

[Aylwin] Concluding this interview, I would like to point out that Chile has a clearly Latin American vocation and that it has taken part in the integration process from its very beginning. Faithful to this tradition, my administration will do its utmost to continue positive contribution to this process."

Guest List for Inauguration Confirmed

PY0703002590 Santiago Domestic Service in Spanish 2200 GMT 6 Mar 90

[Text] Protocol Director-designate Carlos Klammer has disclosed that 11 chiefs of state will attend the presidential inauguration ceremonies [for President-elect Alywin] on 11 March. Klammer said that the presidents of Peru, Argentina, Ecuador, Uruguay, Paraguay, Brazil, Venezuela, Portugal, Honduras, Nicaragua, and Costa Rica will come to Chile for the event.

Klammer also said that the presence of Nicaraguan president-elect Violeta Chamorro has yet to be confirmed.

The prime ministers of Belgium, Italy, and Spain, and the vice presidents of the United States, Yugoslavia, Czechoslovakia, the Dominican Republic, and Poland will also come.

Pope John Paul II will be represented by Renato Martino, the nuncio to the United Nations.

The former chiefs of state of the FRG, Walter Schell; Argentina, Raul Alfonsin; Uruguay, Julio Maria Sanguinetti; Venezuela, Rafael Caldera, and former Italian Prime Minister Bettino Craxi will come as special guests.

Klammer estimated that about 400 special guests will come to the presidential inauguration, adding that, so far, arrangements for the ceremonies are progressing smoothly.

Soviet Foreign Ministry Official Arrives

PY0703122890 Santiago Radio Cooperativa Network in Spanish 2200 GMT 6 Mar 90

[Text] Vladimir Nikitin, the deputy chief of the Soviet Foreign Ministry Latin American Department, today said that the reestablishment of diplomatic relations between Chile and the USSR represents an historic event.

Nikitin arrived as a special envoy to prepare for the signing of the documents that will formally reestablish full diplomatic relations between the two nations. This afternoon Nikitin met for more than an hour with representatives of the Chilean Foreign Ministry, headed by Luis Winter the general policy director of the Chilean Foreign Ministry. Nikitin said he is very optimistic about the reestablishment of relations.

[Begin Nikitin recording] There is great expectation about the reestablishment of relations because the situation has now matured. Once relations are established we will work extra hard to strengthen our political, commercial, and cultural relations. This is all I can say. [end recording]

Chilean-Soviet relations were suspended 16 years ago. Nikitin added that it is important to maintain friendly relations and to cooperate. Regarding the role of Radio Moscow, he said that the station represents an ideological pluralism, therefore it is free to state its ideas. This is how Nikitin explained the Radio Moscow programs which have irritated the Chilean military regime. Nikitin labeled the reestablishment of relations, between his government and the government to be inaugurated on 11 March, as historic. He added that he is in Chile as an advanced diplomatic contact of Vadim Zagladin, the adviser to the chairman of the Presidium of the Supreme Soviet, who will sign the act formally reestablishing diplomatic relations with Chile on 11 March.

Investigative Police 'Must' Assume Role of CNI

PY0603145090 Santiago Domestic Service in Spanish 0930 GMT 6 Mar 90

[Text] General Fernando Paredes, investigative police director, has stated that the uniformed police will fulfill the political role of the former National Information Center, CNI. He added that the investigative police have traditionally served this political role demanded by the government. He recalled the existence of a department called Department 50.

He concluded by saying that since the CNI no longer exists, all of their obvious functions, and those dictated by doctrine, must be assumed by the investigations police. Gen. Paredes made this statement after presiding over the dedication of a new garrison donated by the town councils of Nunoa and Macul.

* Congressional Political Maneuvering Viewed

90ET0120A Santiago EL MERCURIO in Spanish 4 Feb 90 pp 1d, 2d

[Article by Ana Victoria Durruty: "Summer Storm"; first paragraph is introduction]

[Text] What's behind the UDI's [Independent Democratic Union] decision to support a Christian Democrat for the presidency of the Senate. Why RN decided to run its own candidate to head the upper house. The new configuration of the political spectrum and the negotiations among the various sectors.

The announcement on Saturday the 27th that the only two representatives of the UDI in the Senate had decided to support a Christian Democrat (DC) for the presidency of the upper house, thus guaranteeing this important post to the strong party of the next government, hit Santiago political circles like a bucket of cold water. And National Renewal (RN) was left cold, despite the temperature of 86 degrees in the shade.

The history of this development has both a public version and a private one, both of which provide the keys for understanding the UDI's decision, which seems strange, to say the least.

In the first days of this hot summer of 1990, the prospects for RN-DC relations looked good. The matter of the presidency of the Senate was "something that legislators will resolve through dialogue," and, added Senator Eduardo Frei, although "there are no major points of agreement," they would also be in contact with the UDI. Deputy Federico Mekis and RN Vice President Miguel Otero advocated that the executive boards be appointed by consensus, since it did not seem right for the party that has a majority at the moment to impose its own president. This would run counter to the "democracy of agreements." Moreover, Otero said that this consensus "would make possible agreements on legislative matters."

The Socialists soon ruled out the possibility of negotiating the executive positions in exchange for favorable votes on certain laws.

On Monday 22 January the issue was not among the items highlighted by the press chiefs...but the executive boards of the UDI and the DC met. There the Christian Democrats announced that they wanted the presidency of the Senate, and that they would do anything they had to, although they did not feel it was appropriate to have a confrontation between two blocs.

No one in the CPPD [Coalition of Parties for Democracy] doubted that if the presidency of the upper house went to the government bloc, the DC would have priority.

That same night the UDI Political Committee met. Two arguments emerged from the discussion: The center-right had an uncertain chance of obtaining the presidency of the Senate, so it was better to seek a consensus; and it would be inappropriate to force the appointed senators to enter a political alliance in the first election.

Two days later, the president of the DC, Andres Zaldivar, acknowledged his group's aspirations. On Wednesday the 25th, DC Deputy Claudio Huepe revealed more clues, saying that they would not try to steamroll the Chamber of Deputies, where the CPPD can win all the executive positions on its own as well as the chairs of all the committees, and that they hope RN will not try to do so in the Senate with the agreement of the appointed senators. RN President Sergio Onofre Jarpa at the same time ruled out the possibility that the party would commit itself to supporting some bills sponsored by the next government in exchange for the presidency of the senate. "Those are two separate issues," he declared.

Tense Weekend

By the end of the week the DC officially requested the presidency of the Senate, for which it turned to the parties for support. It even announced that it would begin talks with the appointed senators. That Friday UDI Senator Jaime Guzman refused to rule out the eventual backing of Jarpa for the top position in the Senate, nor did he exclude the possibility of supporting other candidates, "depending on how the cards are dealt."

And sure enough, the UDI was shuffling the cards with the DC. On Sunday the 28th the party formally announced its support for the DC's aspirations in return for a "fair balance" in the two chambers.

In the private talks, the specific meaning of this balance was made clear: several committee chairs for the UDI (two, said other sources), and if RN joins in the agreement, the vice presidency of the Senate for them and the vice presidency of the lower house for the UDI.

But RN decided right then and there to take a different tack; it announced immediately, through Deputy Alberto Espina, that it would run one of its men as a candidate for the presidency of the Senate. Jarpa appeared in San Carlos stating, "I am not a candidate. I do not intend to become president of the Senate." Aware that this statement could be misunderstood, at the next meeting of the Political Committee party officials suggested that he not use the phrase, if at all possible.

Last Tuesday the name of one candidate for the job in question, DC Gabriel Valdes, was officially announced. "And there is no problem if the UDI wants the vice presidency," he indicated. At the same time, he revealed to the press that independent Senators Arturo Alessandri and Bruno Siebert may attain that position in representation of their new allies.

Summer Storm

RN accused the DC of being power hungry. The coordinator of the senators in the center-right party, Sergio Romero, declared that "there will be no stable democracy if RN is not present." Deputy Jorge Schaulsohn of the Party for Democracy-Socialist Party (PPD-PS) stated that the CPPD should give priority to agreements with RN, thinking of solid, long-term alliances. Otero expressed appreciation for the PPD's support.

This amounts to a veritable storm that is cooling RN-DC relations.

RN officials, annoyed with the UDI, say that "the DC needed to negotiate," as it needed two senators to get the presidency. In other words, "it was ours."

"When the UDI announced its decision, it came as a great shock," asserted Radical Senator Ricardo Navarrete. "There had been speculation that such a decision might be within the realm of possibility, because we knew that the UDI was not about to support Jarpa, but to go from there to supporting the DC...."

People in this sector are convinced that the UDI "wants to be a participant, not an obstacle," and did not make the decision for trivial reasons. Now, what is it asking for in return? A vice presidency, two committee chairs, and equal treatment with RN.

Why the latter request? One answer is provided by the coordinator of the DC senators, Jorge Lavandero: "RN has tried to crush the UDI, to make it disappear."

Lavandero explained the negotiation process: "The DC has made a very serious effort to include RN, but they refused to budge on the presidency of the Senate. We are interested in reaching an understanding with RN, and if that is not possible, with the UDI."

Willing to Do Anything

According to the DC senator, the situation caused by the nine designated senators had to be overcome, and this dialogue was necessary for that reason. "We tried everything possible to have a dialogue with RN. They could be the most important partners. I talked to Romero at least three times and to the national executives of both parties six or seven times, and they stood their ground. It is not a question of hegemony, but they were asking for the presidency of the Senate, half the committees, and no negotiations between us and the UDI."

The DC "was willing to give up everything" to get the presidency of the Senate.

The reason: It is a strategic post, and the DC considered it legitimate to want that job to go to a CPPD party, specifically the DC, because it is related to the legislative compromises that the next government will be negotiating. It will also serve to give the government certain assurances.

The president of the Senate is the public symbol of the legislative branch; he replaces the president of the Republic during his absence, and he is a member of the National Security Council [CSN].

RN also has its reasons. RN officials say that its record of the past 2 years is a guarantee that it will behave in a balanced manner, especially on the CSN.

That Pair of Votes

The Senate has 47 members. An absolute majority, 24 votes, is required to elect the president. The CPPD has 22, the UDI 2. Together, they reach the percentage required by law.

The heart of the matter is the nine appointed senators. If they acted as a bloc, supporting an RN candidate, they and the independents of Democracy and Progress and the two UDI votes could fulfill the aspirations of Jarpa's group.

RN officials explain that no one "can count on" the votes of the appointed senators, but "it is wrong to assert at the outset that they don't have a right to participate in political decisions. They are there, and the worst way to begin would be by disqualifying them."

That is why they consider it absurd to put themselves in the DC's hands without first knowing what these senators think.

UDI officials reiterate their argument, adding that they did not even consult with the nine before making their decision to support the DC, "to avoid placing them in an awkward position."

RN's fundamental objection is that the UDI entered into a compromise before knowing how much strength the center-right had. They call this position "naive and dangerous for the sector."

Meanwhile, the appointed senators have said that they will not act as a bloc. In conversations that some have had with the opposition, they have insisted on remaining open to different possibilities. In fact, last Wednesday one of the coordinators, William Thayer, declared that the president of the Senate should be the person who is able to achieve the greatest consensus among his peers. "And if Gabriel Valdes manages to achieve it, I will vote for him."

This is the "dangerous" point, in the UDI's view: that if there is no negotiation with the opposition, it will not only steamroll the lower house, where it can have its way without any compromise, but will also do so in the Senate.

UDI's Mistakes

Nevertheless, this argument is not accepted in RN, where several mistakes made by the group headed by Julio Dittborn are pointed out.

"They confused the search for agreement with the unilateral disarmament of our positions." Besides, "they weakened the bargaining position for the future. The other parties of the CPPD can eliminate the UDI from the conversations and negotiate directly with RN," they say, alluding to Schaulsohn's statements, and "the only explanation for the UDI's behavior is that it wants to keep RN out of the presidency of the Senate. Fighting against RN gives the impression that the UDI is trying to return to the democratic fold at all costs."

Preparing the Bucket

The key to understanding this situation as a whole appears to lie in the "repositioning," that is, the struggle of a party to reorient itself to a new reality. It is well known that after transitions, parties that have supported authoritarian governments do not do well. This was not the case in the first round of elections in Chile. It may be because this is one of the few transitions planned by the very people who held power, accompanied by a certain degree of economic success. But there are many elections yet to come. The next ones will probably be in the municipalities at the end of the year.

In this context, the UDI's strategy is to position itself as one of the four major parties, casting off its dogmatic image. In addition, it wants to establish itself as one of the two groups that hold the "key" to the transition, the other being RN.

The fact that the UDI no longer has to show unconditional support for President Augusto Pinochet in every one of its actions would facilitate this option.

Thus, it is easier to understand the first surprise move by this party: the visit to Patricio Aylwin shortly after he was elected. This also explains the visit made by Deputy Pablo Longueira on Thursday to the current commander in chief.

RN's Eyes

It is understandable that RN is confused about what happened. It has struggled to develop an image for itself as the guarantor of stability, based on the theory of the "democracy of agreements," and as the only "key to the transition..." thanks to its legislative representation. And now the UDI turns up negotiating with the DC, challenging RN in its role.

RN is now interested in the presidency of the Senate, no doubt about it. Over the last 2 years it has elected to serve the function of stabilizing the country politically, which means forging agreements between the opposition and the government; following the plebiscite of October 1988, it negotiated the constitutional reforms that were approved by the people in July 1989. "From that standpoint, if RN holds the presidency of the Senate—negotiated in a compromise with the parties—it can guarantee stability over the next few years and facilitate agreements between the Aylwin government and the opposition led by RN."

For this reason, it has announced that it will continue to pursue its objective, "talking to any senator who has a vote."

In the meantime, however, RN has set as a priority the legislative agenda that it must negotiate with the incoming government. It wants a smooth first year, with the important issues "more or less agreed upon." In other words, change with stability.

And RN officials conclude: "The key to the transition is held by whoever is able to reach agreement on substantive matters, that is, laws."

Alternative Rejected

In the talks on the agenda, the matter of the Senate presidency arose, and it was decided to deal with the matter in separate committees.

As an opposition source indicated, "at one point (most likely in early January, before the idea was rejected by

Jarpa), it was thought that to modify some laws requiring a special majority, the composition of the executives of the two chambers would have to be taken into consideration." Nevertheless, "it was rejected as untenable. How can you say you're going to vote for certain laws in exchange for the presidency of the Senate?"

An internal debate is still going on in RN, however, over the presidency of the party. With Jarpa at the head of the Senate, Otero and Andres Allamand could contend for it in peace....

Ice War

There is one thing that is nothing new and comes as no surprise. For the last 2 years, ever since they split in a great scandal, RN and the UDI have not gotten along well. In fact, during the recent presidential campaign, the differences persisted in the Democracy and Progress pact.

After 14 December, RN announced the end of the pact. The UDI then sent a letter proposing joint action in Congress.

This proposal was rejected by RN, as it did not see the need for a supraparty entity. Moreover, RN officials wondered whether the form of the proposal (the UDI had advanced it through the newspapers) was not a shield designed to cover its rear and give it an excuse for actions such as that taken last week.

"It is one thing not to have formal entities, and quite another to go over to the enemy," said RN sources.

RN officials do not attribute the UDI's attitude to bad faith, however, just to a certain "immaturity," given its lack of experience in negotiations....

Paths and Paths

Thus, the rejection of its proposal had an effect. Was that what the UDI intended or not? They say it was not. The fact remains that it caused the party to try new paths, and at one point it crossed paths with the DC, while RN is taking its own route to the presidency of the Senate.

"We have opened up this path with the UDI; we are convinced that it is necessary for Chile, and they have taken a patriotic approach to it; it is a great honor for us," stated Lavandero. He went on to explain, "It is important for the country to realize that we can reach an understanding with the most tenacious adversaries."

Finally, he noted that the DC will wait until tomorrow, Monday, for RN, which could get a vice presidency and some committee chairs.

The agreement would then be between the DC and the UDI, but without excluding the possibility of a little opening for RN at the last minute. Although no one wants to leave RN out, other opposition sources say that if RN does not enter into the consensus, it is because it does not want any committee chairs.

Negotiations

So far, two hypotheses regarding the executive boards are being advanced. If RN goes along, it will get a vice presidency; if it decides not to, the UDI will have to take some of its positions.

The idea discussed most frequently is that if the DC gets the presidency of the Senate, the existing vice presidency will go to RN. If a second vice presidency is created, it will be held by a PPD member, or by a representative of the Radical-Social Democratic sector. If the center-right party should decide not to participate in the agreement, that vice presidency would go to a senator associated with the UDI. Arturo Alessandri and Beltran Urenda are mentioned insistently.

Two alternatives for the presidency of the lower house are being mentioned: either a DC or a PPD member. It is very likely that Jose Antonio Viera-Gallo of the PPD will get the job, as that is reportedly the internal "price" the DC owes its partners in the CPPD.

The vice presidencies of the Chamber of Deputies would go to the UDI and the DC (if it does not occupy the presidency), or to a Radical or a PPD member.

In any case, there is apparently quite a bit of agreement on these formulas, as a representative of the UDI, Juan Antonio Coloma, and one of the DC, Jorge Pizarro, met on Friday to negotiate the working committees of the Chamber of Deputies.

It has also been reported that RN proposed to the DC that it participate only in these latter negotiations, leaving aside the debate on the executive boards. Some sources say this would not be possible, because the DC-UDI pact "is comprehensive; it includes executive boards and committees."

Every 12 deputies elected in a party have the right to form a committee, and for every committee that puts together a group, a representative may be named to each working committee. Thus, RN has three committees and can name three deputies to each working committee, while the UDI has one.

For this reason, RN sources question how the UDI can have a committee chair with just one deputy. It appears that this will be the case, however, if the current tenor of the negotiations holds. The committee chairmen will determine what bills will be processed for passage as legislation. As far as anyone knows, the UDI asked for the chairmanship of the Finance Committee. The other two important committees are Defense and Internal Government, and Constitution, Legislation, and Justice.

Promising Times

RN's relations with the DC and the UDI do not appear to be going through a good period. According to Lavandero, "they are resentful, but we have not been offensive. It came as a surprise to RN, but they turned the screws so tight that we had to look for other alternatives."

Could this be the time for an RN-PPD pact? "That is a pipe dream on RN's part. The PPD is in the government; it has ministers. It would be unthinkable to go to such an extreme," declared the DC senator.

With regard to the position of the group led by Schaulsohn, which Senator Laura Soto joined on Thursday, expressing her preference for compromises between RN and the CPPD, other sectors of the same conglomerate think it is a mistake to classify groups rigidly. In addition, they point out that from the standpoint of preserving credibility in public administration, "it would be a mistake for the CPPD to fail RN."

Playing at speculation, it is possible to devise "innovative" hypotheses. The UDI, no longer obligated to express unconditional loyalty to President Pinochet, could act more boldly and approach the DC, creating a symbiosis that would benefit both sectors: strengthening the UDI's democratic image and offering an ally who could, in the future, become very valuable to the strong party in the government...increasingly valuable as the end of the presidential term approaches and the Socialist and RN sectors begin taking action with a view to the next election.

A strange alliance? Not so strange, if we identify the UDI with conservative sectors and RN with liberal ones....And the DC was the daughter of the rightist Conservative Party of Chile. Life takes strange turns.

* Impact of Privatization Actions Described

90ET0120E Santiago QUE PASA in Spanish
25 Jan 90 pp 6-10

[Article by Ana Maria Pereira: "Privatized Companies: All Out War"]

[Text] Each of them has had its moments of glory and disaster. They have always been in the news, and have not been immune to heated controversy, first when they were state enterprises and sometimes went into the red, and later, when their privatization was announced. Once they became private, they made the headlines when they began to show good results and to offer attractive dividends. And now they are in the news because they have entered the market full force, and there are constant reports of changes in ownership, "monopolistic" conduct, poor management...and a host of other "denunciations."

No matter what the tenor of the accusation or the nature of the company, be it the Chilean Telephone Company, the National Telecommunications Enterprise, the National Sugar Industry, the Chilean Chemical and Mining Association, or the National Airline, the fact remains that although nearly all of these firms belong to the private sector, they retain the adjectives "national" or "Chilean" in their names. And the majority of Chileans continue to regard them as special, more "theirs" than other companies. These are also companies that, in one way or another, are playing a "strategic" role in the national economy, because they supply goods or services in areas where, some say, values such as national sovereignty (in the case of the airline) are at stake, or where there is little or no competition.

Such is the case of the National Sugar Industry (Iansa). Its performance after its privatization was never very controversial, perhaps because control of the company (with 36.5 percent of the shares) remained in the hands of Campos Chilenos, an open stock company made up of sugar beet farmers and Iansa employees. The sugar beet program yielded results that proved it was profitable.

Nevertheless, the "war" broke out in late 1989. The cannon balls, in the form of statements and full-page newspaper ads, have been fired back and forth without interruption. It took place in the always ticklish area of property ownership. The new majority stockholders, who are linked to a sugar transnational, called a special meeting in the middle of the summer ("unheard of, if a regular meeting is held in April"), General Manager Veronica Gonzalez resigned, and Campos Chilenos began to mail letters to the shareholders explaining the problems involved in removing the board of directors.

A shootout worthy of guerrilla warfare began last October, when the Chilean Chemical and Mining Association (Soquimich) decided to sell its 13.6 percent of Iansa stock. Through its general manager, it concluded a "gentleman's agreement" with Campos Chilenos to sell its stock at 26 pesos per share.

Nevertheless, when Iansa's quarterly report came out on 30 September, Soquimich decided that the stock was worth more. The agreement was voided, and Soquimich asked Campos Chilenos for 32 pesos a share, according to Soquimich. Then Inversiones Sucden de Chile (associated with the Sucre & Denres Group, an international trader in sugar, coffee, cacao, and other commodities) came along and offered 34 pesos.

Campos Chilenos has complained that the initial agreement was voided "unilaterally," and in the "second round," it was told that it had first refusal at a fixed price of 32 pesos, when it was buying shares at 39 pesos on the stock market...it turned out that way, because the shares were sold to Sucden for less than it would have paid: It was learned later that Soquimich turned over to Sucden the 5.75-peso dividend per share that Iansa would pay before the sale. The actual price went down, then, to 28 pesos a share. The reasons for this commercial logic were not explained, and Soquimich "put an end to this controversy, so there will be no more statements," according to a message sent to QUE PASA by one of its managers, Patricio de Solminihac.

What is known for certain is that 45 percent of Iansa is now owned by the group made up of the Chicago Continental Bank and the French consortium Sucden. They want their ownership to be reflected in the composition of the board of directors, and they want the Cuban

Jose Antonio Rivero to be president of Iansa. He is the person who arouses the most apprehension. Last Sunday, Rivero published a full-page ad in various morning papers claiming that Sucden wants to cooperate with Iansa, "giving it our technological support and familiarity with the world sugar market, helping to open up markets for new products (...) developing its strategic advantages," all things that Iansa has heard before. Moreover, he promised that the sugar beet plan would continue, and criticized the current program aimed at diversifying the company, promising a "serious" program "adapted" to its needs and potential.

This is one of the greatest sources of concern to those who are skeptical of his motives, "because it may mean putting the brakes on the current diversification plan." One of the main partners in Sucden is tied to the Andina bottling company (which markets Coca Cola) and has a fruit juice and pulp subsidiary and a tomato paste factory. These are precisely the areas where Iansa has planned to invest or is already investing. In addition, it has ties to the Amerop sugar distributor (whose majority partner is Sucre). "Due to the shareholding presence of related firms, conditions could be ripe for unfair competition with others that are outside Iansa," say our sources. This would entail some rather complex maneuvering, but it would not be impracticable.

The interest of foreign investors has aroused even more concern, because Iansa holds about 15,000 hectares of sugar beet fields. Sources consulted by QUE PASA say that this is equivalent to the current production of about 3,000 small farmers. Obviously they do not like the idea, because the sugar beet plan encouraged them to produce at lower costs, knowing they would have buying power in the company. Besides, since the sugar beet crop must be rotated, "if it wants 15,000 hectares of sugar beets, Iansa as a company must possess about 100,000 hectares of land, and rotate sugar beets with wheat, barley, beans...and this means that it would have to manage large tracts of land on its own, replacing efficient farmers with administrators," they complain.

Iansa's fate will be known for certain when the board of directors is elected at the special meeting on Friday the 26th. Then it will be known whether Campos Chilenos managed to win the support of the minority shareholders, which would give it about 45 percent and enable it to remain in control. For Veronica Gonzalez, who resigned as Iansa general manager, the important thing "is to achieve a consensus on where the company should be going. Battles in a corporation are the worst thing, because in the long run they destroy its future; and one of the reasons I resigned was so that at least there would be a consensus on the job." Nevertheless, she will probably retain her ties to the company, now as a director: Campos Chilenos and other shareholders asked her to run for director at the regular meeting in April. In any case, her resignation cannot be declined; it was "a decision made with the seriousness with which I approach everything."

As soon as her resignation was announced, she began to receive job offers. As of next 1 March, Veronica Gonzalez will be the general manager of the National Airline (Lan Chile). This firm is beginning to flap its wings vigorously under private management. Last August, Icarosan S.A., owned by attorney Guillermo Carey, successfully bid $42.3 million for a 51-percent share of Lan in the bidding opened by Corfo [Production Development Corporation].

That transaction was also controversial, and the skies are still turbulent. This is partly because of some criticism circulating these days regarding the "Carey Administration," which some feel is spending too much. First there was the curious transfer of officials between Lan and Ladeco [Chilean Airlines], a company in which Carey was also a partner. Oscar Bonilla, president of the Ladeco pilots union, became vice president of Lan, and was followed over by several executives. Patricio Sepulveda, former president of Lan, became adviser to the president of Ladeco, and took with him a few more lieutenants. Thus, there is no doubt that each is intimately familiar with the real situation of the other. In addition, however, Carey took other well-known people with him, such as Margarita Ducci, former director of Sernatur [National Tourism Service]. She became vice president of communications and tourist project development. He also took Barbara Urzua, director of Eastern in Chile. As for advertising, Lan's image will be that of the former Miss Universe, Cecilia Bolocco, who has already filmed some commercials in Miami. All of them are earning salaries with several zeros in them.

Guillermo Carey wants to make Lan a very dynamic firm and do what he was unable to do with Ladeco, for lack of a majority. From the outset, he signed leases on five more aircraft: three Boeing 767-300 ERs, which will cover international routes, and two BAE 146-200s for domestic routes such as Santiago-Puerto Montt-Coyhaique-La Serena. The first of these aircraft arrived over the weekend. QUE PASA has learned that it is very expensive to lease these planes: $150,000 a month, not counting maintenance. In comparison, a 727-100, which is just as suitable for "light" traffic, can be had for $80,000. Nevertheless, Margarita Ducci pointed out that, according to Lan studies, the costs are "within the norm for any airplane, and they meet our needs."

There are other doubts about the real possibilities for market expansion. Traffic has grown sharply; between January and October 1989 airlines transported 12 percent more passengers than during the same period of 1988. The question is, how long will this growth continue? With projections it calls "conservative," Lan is betting on a market four times bigger in 5 years, opening up domestic routes, increasing frequency of flights, and providing related services such as rental cars and hotels. It wants to expand its share of the national market, which is presently only 44 percent of passengers. The executives at Ladeco, which transports the other 56 percent, see the future differently: "It is true that the transportation market worldwide is growing faster than the GDP, but in the medium term the Chilean market cannot do more than double in size."

Lan would also like to increase its routes abroad. It is the leading carrier to the United States today, but it would have to compete with American Airlines, which will begin servicing Chile after it absorbs Eastern, and it will not neglect a single route (which other American airlines had done, to the indirect benefit of Lan). As for Europe, Lan is promising better combinations, now that SAS has bought 30 percent of the Chilean airline. There is one fact that no one can understand yet: Before the privatization the sale of Lan stock was prohibited for 1 year; yet shortly afterwards Corfo lifted the ban, allowing SAS to purchase a share. After the capital expansion of $30 million, ownership of the company remained as follows: 40 percent Icarosan, 30 percent SAS, about 20 percent Corfo (which did not participate in the capital expansion, so its 30 percent share shrank in relation to the other stockholders'), and 10 percent Aeropasur, a corporation formed by Lan employees that is negotiating with Corfo to buy more shares.

With the entry of SAS [Scandinavian Airlines Systems] they plan to obtain new "Fifth Liberty" contracts (in order to transport passengers without going through Chile). And in the expectation that the Chilean Government will renew diplomatic ties, they are holding informal talks with some countries to facilitate the rapid signing of new transit agreements between governments. Although the Chilean authorities put these contracts up for bidding, "in practice the only one that has shown interest is Lan," they say confidently.

In any event, the "war" between the two airlines appears to be in a state of detente. At Ladeco, "the goal is to compete on any market, but to work together in everything that is necessary." One of these areas will be the reservations system. At first there was an agreement with Lan, but then Carey announced that he was looking into joining the "SABRE" [not further expanded] system of American Airlines. He has not yet made a final decision, and some sources say it will be more convenient to join "SITA" [not further expanded] with which Ladeco is affiliated, because it is aimed at the local South American market. It is also assumed that the impasse over the bidding on the construction of a new air terminal has been resolved. Ladeco overstepped its bounds in a plan that it was to finance together with Lan. But Lan ended up deciding to join the bid by the Franco-American consortium BBB [not further expanded] (a plan that involved a considerable increase in loading charges to finance it). The authorities cancelled the call for bidding. And the turbulence between the two national companies has subsided. Carey has already stated that they should file another joint bid. "Neither of the two airlines can build the airport if the other opposes it, because together we use 90 percent of its capacity," add Ladeco officials. What is clear is that a new call for bidding will not be issued soon. They have plenty of time.

This is not true of Australian magnate Alan Bond, for whom every minute counts. A short time ago, a group of international banks in Australia had an auditor appointed to investigate his brewery. As of last 30 June, Bond Corporation had losses of $610 million, and it owed $1.2 billion to just two banks. Although the magnate does not appear to be very upset as he goes from regatta to regatta, it is said that he is feeling it inside. Bond made major investments that he is now beginning to liquidate. He put his mansion in Sidney on the market. And as for us, in 1987 he paid $700 million for the El Indio mine, which he sold last October for $375 million, only half that amount.

Apparently, however, he has no intention of taking any losses on the Chilean Telephone Company (CTC), of which he is a majority shareholder. Indeed, sources consulted by QUE PASA indicate that he is asking a whopping $500 million, after paying less than $300 million for the company. There are a lot of prospective buyers: a Japanese firm, an American group, a British one, the Spanish telephone company, and the Luksic group have all been mentioned...but not at that price. They figure that at present, "Bond's shares are worth approximately what he paid in 1988, and they will only go up in the medium term, as the company expands," they say.

This growth should not be affected if Bond sells his shares, emphasize many of those involved. Some of them declare this forcefully, while others, such as the minority shareholders who are still left, say it hopefully. The problem is that the expansion has been financed with debts. For this reason, the debt-capital ratio is probably very high today. The high risk is typical of Bond's business dealings, as is the withholding of maximum dividends each year. In addition, there is criticism regarding the equipment contracted as part of the expansion program. By 1990, for example, the company promises to open up 180,000 new lines. Specialists call the equipment "completely obsolete, from pay phones to cellular telephones." Julio Yubero, director of operations of the Metropolitan Telephone Company (CMET), adds that "Pentacontax exchanges, such as the one they installed in Concepcion, are 20 years old; and they spent $57 million on Thomson plants, whose manufacturer is out of business." Nevertheless, CTC argues that Thomson is now called Alcatel Standard Electric, and it will provide the necessary technical service.

The announced intention of Bond Co. Chile to sell CTC shares (approximately 12 percent) on the New York Stock Exchange also entails risks. First the obstacles posed by the provisions of Decree-Law 600 and exchange controls must be resolved. Thus, CTC is going back and forth among a number of simultaneous wars, including its principal owner's battle for survival and his wars with the competition. The private telephone companies that have emerged in recent years are complaining because CTC does not let them grow. So far CMET has filed four lawsuits against it. The charges? First, that CTC does not give them the interconnections they need to provide service, and then, that "it did not honor bilateral agreements under which we were to drop our lawsuits," Julio Yubero told QUE PASA. CTC argues, meanwhile, that the private companies did not honor their commitments, either.

According to the executive, the 23rd Civil Court has issued a final judgment amounting to 2.5 billion pesos in favor of CMET. They estimate losses of approximately $50 million; to date, they have installed 18,000 telephone lines between Santiago and Region V, of the 70,000 called for in the original plan.

Meanwhile, the "fight" with the National Telecommunications Enterprise (Entel) has taken place at the level of the National Auditor's Office [FNE] and the Supreme Court. Basically, both companies have had until now a "natural monopoly": CTC over the local call market and Entel over long distance, both domestic and international. The problem began when CTC announced the use of one of the Bond Co. satellites to offer long distance calling. This poses an obvious threat to Entel, given that it renders the bulk of its services for the Telephone Company; it argued, moreover, that CTC customers could not choose between the services of one company or the other. CTC responded that the technological systems to be applied would make that possible.

The FNE Arbitration Commission ruled in favor of CTC, authorizing it to deliver long distance services, but through subsidiaries. It also imposed other conditions to ensure effective competition. Entel appealed to the Supreme Court, and although the high court's ruling appears to be imminent, it could ask for technical reports that would delay the decision. Meanwhile, not wishing to be left behind, Entel announced that it will provide local call services that have not yet been specified.

As for rates, which is always the topic of most interest, no one should have any illusions that free competition will drive down prices. Hardly. CTC will have to recoup its investment in technology, and it is felt that to be competitive, Entel will have to improve its own technology. It remains to be seen whether the Undersecretariat of Telecommunications will continue setting limits on charges if there is no more monopoly.

In any case, at least domestic long distance calls should become cheaper. The telecommunications authority established a schedule for 1988-93 in which local communications are to rise in accordance with real costs. There will no longer be any surcharge on domestic long distance calls, which were subsidized until 1987. In fact, in 1989 the authority raised the rates for local calls by an average of 31.33 percent, which resulted in a real increase (discounting the consumer price index) of 8.18 percent. In contrast, the per-minute price of long distance calls dropped by a real rate of 20.83 percent last year. The fact remains, however, that the majority of the public uses its telephones for local calls, and will remain concerned about those increases.

The public is eager to see the real-life application of the theory that competition "perfects," effectively benefiting consumers. Some of the battle strategies have just been revealed recently, others will be seen in the months to come.

And although in some cases the hostilities have become muted in tone, there is no assurance that an arduous—and hopefully fair—"one-on-one" will not flare up among all these firms in the future. Now that they have been privatized, some totally and others to a large degree, they will have to make use of all their ingenuity and creativity to win the favors of the much sought-after consumer.

[Box, p 8] Lan Chile

1988, August: Corfo issues a call for bidding on 32.7 percent of Lan Chile stock. No offers are made.

1989, July: Icarosan, Aeropasur, Air New Zealand with the Luksic group submit offers in the new bidding for 51 percent of Lan.

1989, August: Icarosan (corporation formed by Guillermo Carey and the European Bank for Latin America) wins the bidding.

1989, December: The Franco-American consortium BBB submits the only bid for the construction of a new terminal in Pudahuel. The cost is $62.5 million. Lan decides to join in with BBB, and points out that the cost of the investment could be lowered.

Ladeco submits an "alternative" bid for nearly $20 million.

1990, January: Lan announces the sale of 30 percent to Scandinavian Airlines Systems (SAS). The Civil Aeronautics Office cancels the call for bidding and announces the study of new bases.

[Box, p 9] Iansa

1986: Corfo announces the privatization of 75 percent of Iansa.

1988, January: Iansa is now 56 percent privately owned. In an initial stage 49 percent of the enterprise was privatized, on this occasion 5.15 percent is sold to the employees, and the remaining 1.8 percent is placed on the stock exchange, making a total of 56 percent.

1989, September: Ownership is now distributed as follows: Campos Chilenos, 35.3 percent; Continental Bank, 18.43 percent; Inversiones Sucden de Chile, 8.2 percent; Soquimich, 13.6 percent; Inversiones Merkuria, 4.9 percent.

1989, October: Soquimich offers its shares for sale.

1989, November-December: Soquimich clinches the sale to Sucden.

[Box, p 10] Entel-CTC

1981: CTC files a complaint with the National Auditor's Office (FNE) because Entel is applying "discriminatory rates." Seven years later, the Supreme Court rules in favor of Entel.

1984: Corfo orders the delineation of action and development areas: CTC for local calls, Entel for long distance.

1987, December: FNE rules that Corfo instructions violate free competition.

1989, September: Entel announces that it will begin providing local telephone services in Santiago and Valparaiso.

[Box, p 10] CTC-Privatization

1987, August: Corfo issues a call for bidding on 30 percent of all stock. The winner must increase the capital (so that it would hold a total of 45 percent) by purchasing 10.4 million "B" shares. Thus, it will be able to elect four out of seven board members.

1987, December: Bond Corp., Telefonica Hispano-Francesa, and Comunicaciones Chile submit bids.

1988, January: Corfo is forced to cancel the call for bidding because the General Office of the Controller of the Republic determines that the transfer is not legal. Corfo decides to sell directly to Bond.

Colombia

Problem-Solving Pact Signed With Venezuela

PA0703002790 Hamburg DPA in Spanish 1841 GMT 6 Mar 90

[Text] Santa Marta, 6 Mar (DPA)—Colombian President Virgilio Barco Vargas and Venezuelan President Carlos Andres Perez today signed in the Colombian city of Santa Marta the "San Pedro Alejandrino Document," pledging to implement the proposals by the four high commissioners on the matter of unsolved problems between the two countries.

As stated in the document, the Bogota and Caracas governments will establish four new bilateral commissions in a few days, and these commissions will undertake the task of activating mechanisms that will allow greater development along the border.

The working groups will be in charge of handling issues such as migration, hydrographic basins, demarcation of sea and undersea borders, international rivers, the demarcation and consolidation of boundary stones, international transportation, use of natural resources, drug trafficking, control systems to prevent the theft of means of transportation, and cooperation in cases of emergency.

The two heads of state, who met at the historic Quinta de San Pedro Alejandrino, agreed to establish a permanent follow-up commission to be in charge of overseeing compliance with the agreements. According to reports, the commission, which will probably consist of six persons—three from each country—will be in charge of directly handling the most controversial topic in the bilateral relations, namely, the demarcation of sea and undersea borders in the Gulf of Venezuela.

Pedro Gomez Barreto, one of the Colombian high commissioners, said that if this plan fails the two nations have mutually agreed to appeal to other forums, and this may include mediation by third parties.

Armed Forces Prepare for Upcoming Elections

PA0703155090 Paris AFP in Spanish 1135 GMT 7 Mar 90

[Text] Bogota, 7 Mar (AFP)—Confronted with guerrilla—National Liberation Army (ELN)—threats to hinder legislative elections on 11 March, the Colombian Armed Forces have mounted an unprecedented operation to ensure the free exercise of the citizens' right to vote.

The operation is called the Democracy Plan, and it is being implemented throughout the country. The largest troop mobilization is taking place in the Northeastern region, an area with a population of 32 million. This region includes Northern Santander, Santander, Bolivar, Cesar, and Arauca Provinces.

In this region, a thousand ELN guerrillas, operating in small units, are active, and in recent weeks they have raided small towns and heavily populated areas, kidnapped candidates, government officials, estate owners, peasants and, at the same time, have threatened people not to vote on Sunday, 11 March.

EL TIEMPO newspaper, citing Army Second Division sources, reports that approximately 32,000 soldiers, policemen, and secret agents, supported by 15 Black Hawk helicopters and transportation and combat aircraft, will provide security during the elections.

Approximately 7,000 policemen will guard the ballot boxes; 16,000 soldiers will guard the places were the majority of citizens are to congregate; and the rest of the troops—formed by reserve units—will be ready to go wherever problems arise.

However, because of normal logistical problems and the isolation of some of the voting locations, the public forces will not be able to provide constant protection at all the voting centers. Regular patrols of these voting centers have been planned.

According to the document reported by the newspaper [document not further identified], it is feared that the ELN will not begin its actions until after the elections, when the ballot boxes are being transported on rural roads for periods that sometimes exceed two hours.

To deal with this threat, the operation includes rapid collection of the voting materials and transfer of ballot boxes to the closest National Registry office using, if necessary, military helicopters.

Representatives of the vote-counting organization have stressed that the preservation of electoral documents is essential since, if they are stolen or burned, the votes coming from that particular voting center will be anulled.

Regarding the serious security situation in some areas on the eve of elections, Defense Minister General Oscar Botero stated that, despite rebel intimidation, the military forces are prepared to respond to this challenge and guarantee that the elections will take place normally.

In an Armed Forces newspaper editorial, the minister warned that "it would be ideal to have an army formed by professional soldiers with ample experience and training" to confront threats to democracy.

"But, unfortunately," he concluded, "budgetary constraints do not allow this, and obligatory military service personnel continue to supply the institutional ranks."

Botero thus referred to the fact that few Colombians remain in the military service for more than the 18-24 months required by law.

Ecuador

* Antidrug Trafficking Draft Bill Presented

* Extradition Amendments

90ET0126A Quito EL COMERCIO in Spanish 17 Jan 90 p 3

[Text] In its battle against drug trafficking, the government submitted to the National Congress a draft bill with amendments to the Constitution related to habeas corpus and extradition.

The amendments, which would allow for an effective battle against the illicit drug trade, would become new legal instruments for dealing with drug traffickers, thereby preventing this illegal activity from being perpetrated.

This constitutional amendment bill, an addition to the Antidrug Law sent to Congress last Friday, is part of the government's action aimed at taking the necessary precautions to prevent the drug trade from becoming established in the country.

The interior minister, Andres Vallejo, who visited Congress yesterday to deliver the document, together with the state's attorney general, German Carrion, underscored the executive branch's proposal. He said that it was essential to revise the regulations on extradition and to create an additional process for the exercise of the constitutional guarantee of habeas corpus.

With the habeas corpus amendment, an mandatory process is established for cases wherein citizens appeal for this right when they have been detained for a flagrant crime associated with drug trafficking activities. The mandatory process for such cases will be in the hands of the Court of Constitutional Guarantees in cases where habeas corpus would benefit those in custody who are linked with drug trafficking.

The second proposal is associated with an amendment to the Political Constitution allowing for extradition in cases of citizens accused of crimes related to drug trafficking in other countries.

The president of the Congress, Wilfrido Lucero, pledged to give the highest priority to dealing with the bill because the proposal is aimed at contributing to the battle against illicit drug and narcotics activities.

He noted that at present the Legislative Commission on Civil and Penal Procedures is negotiating two bills to battle the illicit drug trade, and that he hoped that this agency would prepare a single document enhanced with the initiatives contained in all the proposals made on this subject.

He stressed that there is a determination to attempt, as quickly as possible, to adopt a position and make a pronouncement regarding the proposals originating in the executive branch on these two very important and crucial matters, namely the proposed constitutional amendments.

In the explanation of motives for the amendment bill, it is pointed out that the nature of the violations specified in the Law on Narcotic, Psychotropic, and Related Substances, as well as the vast resources and power that individuals implicated in this type of crime can amass outside the law, have caused the general application of the principle of not holding the accused for over 24 hours without a writ for proceedings and an order from a competent authority to preclude any real, effective type of investigation of that type of criminal.

It adds that, in fact, such an investigation would require financial information, sometimes in several countries, to uncover intricate hidden organizations, as well as complex laboratory analyses. Hence, 24 hours is too short a time for carrying out such activities. According to the amendment, that period would be lengthened to 96 hours.

* Extradition Not Endorsed

90ET0126B Quito EL COMERCIO in Spanish 26 Jan 90 p 4

[Editorial by Enrique Echeverria G.: "Be Cautious With Respect to Extradition"]

[Text] The chief of state has made three proposals: one, that the petition for habeas corpus by those implicated in drug-related crimes, before it is executed, should be submitted to the Court of Constitutional Guarantees for consultation; another, that it may be permitted to hold persons for questioning, incommunicado, for up to 96 hours, instead of the present 48 hours; and a third, of broader scope: that extradition may be granted for an Ecuadorean "accused" in a foreign country of an infraction specified in that country's legislation.

We shall analyze the first and second proposals in a subsequent article. The third deserves a more careful analysis. Our Political Constitution, in Article 42, is categorical: "In no instance will extradition of an Ecuadorean be granted. His judgment will be subject to the laws of Ecuador." In our country's constitutional tradition, the Political Charter of 1929 stipulated that extradition "may not be ordered, except by virtue of a law or in fulfillment of treaties, for common crimes, and in no instance for political infractions. " In the 1946 Constitution there appears a prohibition on extraditing Ecuadoreans, containing the same text as the present one; and in the 1978 Draft Constitution, approved by a referendum, the military allowed this same rule with the same wording.

For the past 3 years, there has been a movement promoted by the U.S. Government for agreeing on international rules in the world battle against drug production, trafficking, and consumption, which has also become international and, hence, declared in Quito to be a crime against mankind. In the United States' view, new treaties on this subject should allow countries "to procure documents and records, locate individuals, take testimony or statements, carry out searches and seizures, and appropriate assets accrued illegally" (through money laundering). This is because the present treaties call for procedures that are too slow. In fact, there is one between Ecuador and the United States on extradition dating back to 1872, and expanded in 1940, which deals with the issue of crime involving drugs.

There are two key reasons for invoking caution: One is the fact that an Ecuadorean charged with being a drug trafficker in a foreign country is only an "accused" person; in other words, a person merely summoned for criminal proceedings to appear for arraignment.

There is another, more significant one: the danger that hasty use may be made of the new laws and treaties to prosecute nationals whose own country or another foreign country wants to be rid of them, or needs to have them put out of political circulation.

Third: There would be no assurance that the Ecuadorean "accused" of this type of crime would receive a fair trial from the foreign justice system. Aren't we Latin Americans "Latins" or "Hispanics," a kind of second- or third-class person?

Caution is reasonable, because the drug trafficking cartels are in the process of collapse. Let us first watch the forthcoming development of that situation.

Finally, it is reasonable to trust in our judges and our justice system. Judges are strict, and even harsh, with those accused of drug trafficking. The fact that a few may have sold their verdicts by no means diminishes our justice system, because the others cannot pay for the offenses of four scoundrels. Let them approve stiffer penalties against drug traffickers, because their criminal activity deserves maximum repudiation. Let them add new legislation for confiscating the assets acquired from that criminal activity. Let them authorize tapping their telephone communications, or anything similar. But extradition, no! Or at least not yet: the conditions do not yet exist for such a change.

* Joint Agreement With Hungary Detailed

90ET0127A Quito EL COMERCIO in Spanish 25 Jan 90 p 10

[Text] Hungary and Ecuador will be increasing trade. The opportunities offered for the two countries are highly favorable and, in addition, there are heightened prospects of a business expansion in Hungary as a result of the recent political transformation.

A delegation from the Hungarian Government, headed by the Trade Ministry's general director for developing countries, I. Major, and comprised of the charge d'affaires in Ecuador, Ferenc Orencsak, and the Foreign Trade Ministry's section chief, Andres Szilagyi, held the fifth meeting of the joint commission with our Foreign Ministry's undersecretary for bilateral affairs, Hernan Holguin, and officials from the various state offices.

The results of the 2-day meeting were the achievement of short-term bilateral trade and medium- and long-term opportunities for establishing technical cooperation in various areas of national development.

As part of the immediate action, the Ecuadorean delegation proposed the diversification of national exports to the Hungarian market, especially with respect to nontraditional products such as processed bananas, ocean products, cacao by-products, processed coffee, ocean products in their natural state, canned goods, tropical fruit preserves, canned palmetto hearts, arts and crafts, and manufactured products.

Moreover, arrangements were made for the purchase from Hungary of 100 interconnected buses this year, 30 for Quito and 70 for Guayaquil; and there were also prospects for the purchase of a larger number of units for Cuenca, Manta, and Ambato, among other towns.

Similar arrangements were made for the purchase of hospital equipment worth $11 million, with financing from the supplying firm, and of materials for agricultural technical school instruction, worth $9 million, from the Metrimpex enterprise. There will be a 5-year credit of $100 million for the purchase of equipment and materials for the country's universities and polytechnical institutions.

The joint commission also broached the possibility that Hungary might in the future supply trolley buses for

Quito, as well as supplying materials for electricity distribution, fertilizers, insecticides, and chemical fertilizers. A plant may be provided for mixing portions of fertilizers, for port equipment and guides, and for both subfoliar and drip irrigation systems, as well as a plant for the production of generic medicines and metal stationary bridges.

Cooperation by Hungarian technicians is planned for agricultural development.

Major claimed that Ecuadorean businessmen and government officials had evinced an interest in the Hungarian market. Despite the distance between the two countries, Ecuador is considered an important partner to provide for and expand trade relations.

Concurrently with the changes in Hungary's external economy, there has also been a variation in the attitude toward Western Europe. In this context, there is a desire to restore the relations that used to exist with the countries of the old continent, which have deteriorated over the past 40 years.

The Hungarian commercial administration hopes that this expansion of relations with Western Europe and with the countries of the Organization for Economic Cooperation and Development (OECD) will not affect the ties maintained with traditional partners and those in Latin America.

Major remarked: "We are aware that there is fear among the developing countries that the rich countries' renewed interest in Hungary and the Eastern bloc might affect the entry of capital.

"It is not as if Hungary were going to compete with developing countries from the standpoint of receiving economic aid from the industrialized countries and from sources such as the IMF, the World Bank, and others. What Hungary desires is not those loans, but rather capital investments as part of the process of reactivating production and economic development that has been undertaken during this new political phase in the country."

Major expressed his optimism concerning bilateral trade with Ecuador. Hungary has begun its ambitious program for a market economy, and it is estimated that the results will enable Hungarian businessmen to expand their activity.

Private companies have begun to emerge in Hungary with businessmen who have a mentality directed toward diversification of production that will respond to the market forces. This entire future transformation will have a positive effect on bilateral trade with Ecuador.

Paraguay

Quayle, Foreign Dignitaries To Arrive 12 Mar

PY0703145090 Asuncion PATRIA in Spanish 6 Mar 90 p 9

[Text] U.S. Vice President Dan Quayle is expected to arrive in Asuncion on Monday, 12 March. His presence is expected to produce significantly positive results for our country. It will be the second visit ever made by a U.S. vice president to Paraguay. Former U.S. Vice President Richard Nixon visited Asuncion during a turbulent trip to this continent.

Yesterday morning, just after his daily meeting with Foreign Minister Luis Maria Argana, we asked Foreign Under Secretary Bernardino Hugo Saguier Caballero about the date of the arrival of the U.S. visitor.

Saguier confirmed that Quayle will arrive late on the afternoon of Monday, 12 March, from Santiago, Chile.

It has been reported that on the same day of Quayle's arrival, President Andres Rodriguez will arrive at the Silvio Pettirossi International Airport, also from Santiago.

President Rodriguez will represent the Paraguayan Government and people at the inauguration of Chilean President-elect Patricio Aylwin. The ceremony will be held in Valparaiso—not in Santiago—on Sunday 11 March at 1300.

Dr. Saguier told us that Vice President Quayle is expected to stay in Asuncion for at least one day. He will then go to Argentina.

In the course of relation between the United States and Paraguay—a country which has always been a friend of this northern country—only two U.S. presidential-level missions have ever visited our country.

U.S. presidential envoy Nelson Rockefeller, who was the governor of New York, and former U.S. Vice President Richard Nixon, who was later elected U.S. president, visited Asuncion in the 1960's.

We can clearly recall that Paraguayan students strongly rejected the visit of Rockefeller on the grounds that he, as a leading representative of rich oil businessmen, was one of those responsible for the Chaco war.

The mission by Nixon, who sought to improve relations between the United States and South American countries, became a turbulent journey which was marked by anti-U.S. protests and demonstrations.

In the case of Nixon, it can be said that Asuncion was the only place where, despite everything, he was received with hospitality.

Mr. Quayle is a special envoy of U.S. President George Bush, who has entrusted his vice president with minimizing or eliminating the negative effects that the U.S.

military "invasion" of Panama had on the relations between the United States and the other Latin American nations.

Vice President Quayle will visit Asuncion just a short time before [as published] the U.S. Department of State expressed a quite critical opinion, and even disapproval, of the Paraguayan human rights record in the democratic process.

This criticism was answered through the press by Foreign Minister Argana who pointed out that the U.S. criticism of the current political process in Paraguay was rather unfair because, as Minister Argana said, it is impossible to solve in one year all the problems that were left unsolved by the previous administration.

Be that as it may, the local media has assigned special importance to the visit of the U.S. Vice President to Asuncion because a visit, of virtually presidential level, can lead to further U.S. support for our democratic process.

Dr. Saguier Caballero also informed us that Venezuelan President Carlos Andres Perez, Guatemalan President Vinicio Cerezo, and Costa Rican President Oscar Arias will make a stopover in our country on 13 March.

Cables received from Caracas suggest that Spain's Prime Minister Felipe Gonzalez will probably stop over in our country on the same date, but this has not been confirmed.

The source also reports that other presidents, including Felipe Gonzalez and maybe another Central American president, may visit our country on their return from Chile.

Peru

Senators Concerned Over Peasant Patrol Activity

PY0803032690 Madrid EFE in Spanish 0623 GMT 7 Mar 90

[Text] Lima, 6 Mar (EFE)—Leftist senators today criticized the government for involving civilian groups, such as peasant patrols, in the antiterrorist struggle. Peasant patrols have been created in those communities where a state of emergency has been declared because of terrorism.

According to a document released today and signed by 11 Senators of the United Left (IU), which is a coalition of the Communist and Socialist Parties, the government "seeks to involve civilians not only in self-defense activities, a right to which they are entitled under the Constitution, but also in offensive antiterrorist military actions."

The senators (?claimed) such mobilized civilian groups, "that have no specific political objectives, no logistical support, and have abandoned their productive activities, are involved in a conflict for which they are not responsible, under adverse conditions, and with many possibilities of paying a high social cost."

The document expresses the senators' deep concern about the growing escalation of violence which is battering the country, especially in the central jungle area.

Socialist Left (IS) Senator Enrique Bernales, who chairs a congressional committee investigating the causes of violence in Peru, said government authorities are "tolerating the militarization of violence" and are allowing peasant patrols "to conduct justice on their own, under the tutelage of the state."

Bernales mentioned the events in the Comas and Cochas, Junin Department, in the central mountain region, where peasant patrol members last week clashed with a group of the "Shining Path" terrorist organization. The peasants captured 13 terrorists, killed them, beheaded them, and sent their heads to the authorities.

Bernales, who will run for vice president on his party's ticket in the 8 April elections, said that some government sectors "have distorted the concept of peasant or civilian patrols, because they have allowed organized groups to exercise rights to which they are not entitled."

The Peruvian Government frequently supported the peasant patrols. In December 1989, the government gave British shotguns to 200 members of a peasant patrol in the Andean department of Ayacucho during a ceremony which was presided over by President Alan Garcia.

Police Deny Arest of Shining Path Military Chief

PY0703033490 Lima Television Peruana in Spanish 0000 GMT 7 Mar 90

[Text] The arrest of Julio Cesar Mezzich, the Shining Path's second-in-command, has been officially denied in Huarez. Police authorities issued an official communique denying that Mezzich was among the people detained in operations carried out over the past few days near Huaraz. This official communique was delivered to the local media in response to rumors concerning the alleged arrest of the Shining Path's second-in-command.

Three terrorists, who last week killed two agricultural engineers in the town of (Padiacoto) in Huaraz, have been arrested. The arrests of 15 confessed subversives and another 40 suspects, all of them from the (Purucuta) hamlet, 200 km east of Huaraz, were confirmed. The National Police have carried out various operations to clear terrorists out of the area, with positive results.

Uruguay

Fiscal Readjustment Program Sent to Congress

PY0703210690 Madrid EFE in Spanish 0453 GMT 7 Mar 90

[Report by Jorge Figuerou]

[Text] Montevideo, 6 Mar (EFE)—The Uruguayan Government today submitted to Congress a project for the strict adjustment of [words indistinct] the consumption tax—the income tax to be deducted directly from the workers' and businessmen's salaries—and will establish new taxes on the sale of properties.

The package of measures, ordered by Uruguayan President Luis Alberto Lacalle five days after his inauguration, was immediately answered with complaints from workers, businessmen, and politicians. The package was announced by Economy and Finance Minister Enrique Braga.

Lacalle, a 48-year-old lawyer and ranch owner from the conservative wing of the National Party, pointed out "the imperative need to tighten our belts," and order "measures that will not be appreciated" during his election campaign, and even in his inauguration ceremony.

The first "blow" received by Uruguayans was a 30-percent increase in the price of fuel that takes effect today and will affect several sectors of the economy.

As a result of the fiscal readjustment, the new government hopes to collect $189 million a year. This money will be used to finance the readjustment of retirement allowances, which was approved 26 November.

In accordance with the project that was submitted to Congress, the Value Added Tax (VAT) will increase one percent to 22 percent, thus increasing collection to [number indistinct] million.

According to official calculations, taxes deducted directly from salaries (taxes on salaries) will increase from one percent to 4.5 percent, contributing $119 million to the treasury.

The executive branch also decided to create a four percent tax on the sale and purchase of property, which will generate about $10 million. There will also be a one-time extra contribution payment that must be made on properties, which will generate another $40 million.

This extra contribution was even criticized by mayors of departmental capitals who belong to the ruling party. Of 19 mayors of departmental capitals, 16 are members of the ruling party.

Complying with the project, rural properties not being exploited will also pay an additional contribution.

The economy and finance minister asserted that the fiscal readjustment seeks to finance social security installations and to reduce the fiscal deficit, which now stands at six-percent of the GDP, to two and one-half percent.

Uruguayan Government spokesmen have stated that some measures will be temporary, until the economic situation improves, and added that the VAT will increase to 18 percent by May 1991.

Representatives of the main labor union stated: "The heaviest burden of the crisis again falls on the workers' shoulders." Businessmen warned against the "strong impact" the measures will have, "especially on consumption."

Before taking power, and after lengthy negotiations, Lacalle managed to reach a "national accord" with the Colorado Party, the principal opposition party, thus creating the first coalition government in the Uruguayan history.

This agreement ensures the approval of the project by Congress, where the National Party has a majority of votes. However, congressmen believe consideration of the project will take about 100 days.

Labor Minister Meets With Workers, Businessmen

PY0803034890 Madrid EFE in Spanish 0716 GMT 7 Mar 90

[Text] Montevideo, 6 Mar (EFE)—Carlos Cat, the labor minister of the new Uruguayan Administration, met in his office today with representatives of business organizations and the Central Union, the main Uruguayan labor organization, to work toward an agreement aimed at improving dialogue between the two sectors.

In a news conference Cat said the meeting was designed "for the two sectors to get acquainted with each other." According to political sources, the possibility of holding a dialogue has not been ruled out, even after the Central Union did not grant the government a truce in the conflict arising from workers' demands.

Nestor Consentino, chairman of the Chamber of Industry, and Ernesto Carrau, chairman of the Chamber of Commerce, met with Cat, Central Union representatives Jose Delia, Eduardo Platero and Enrique Pintado, and Jorge Silvano from the leftist sector.

Uruguayan President Luis Alberto Lacalle, who was able to create the first ever coalition of the Blanco and Colorado Parties, the principal Uruguayan parties, to rule the country, could not reach an agreement with the workers' representatives. Central Union leaders have expressed no confidence in the new president and said they will take appropriate measures to defend workers' demands.

The Central Union's representatives said the economic policy outlined by Lacalle seeks to "tighten the belts of lower sectors." This way, they added, "there will be no truce for the sufferings of [word indistinct]."

The new government today sent to Congress a fiscal adjustment plan that will allow an annual collection of approximately $190 million.

The government wants to reduce the fiscal deficit, which in 1990 could be eight percent of the GDP.

The new fiscal measures provide for a one-percent increase of the value added tax, which is currently at 21 percent; a three and one-half-percent increase of salary tax and of the enterprises' contributions to social benefits; a 100-percent increase of real-estate tax.

The workers' representatives stated that the economic measures will cause wage earners to lose their purchasing power.

Lacalle Designates Navy, Air Force Commanders

PY0703223290 Buenos Aires DYN in Spanish 0906 GMT 7 Mar 90

[Text] Montevideo, 7 Mar (AFP)—Uruguayan President Luis Alberto Lacalle has designated the new commanders in chief of the Navy and Air Force. The posts had been vacant for more than one month.

Lacalle, who did not adhere to rank seniority in making the assignments, designated Rear Admiral James Coates and Brigadier General Carlos Pace as Navy and Air Force commanders in chief, respectively.

The posts had been vacant since 1 February; since the previous commanders assignments expired and were temporarily replaced by the most senior officers in each branch.

Lacalle and former President Julio Sanguinetti had agreed on the designation of the Army commander in chief. As for the posts of commander in chief of the Navy and the Air Force, however, Sanguinetti preferred to adhere to rank seniority, while Lacalle decided to designate officers in whom he holds absolute trust.

Coates and Pace are not the most senior officers in their respective branches. Coates was promoted to Rear Admiral only one month ago.

Venezuela

Perez Delivers State of Nation Address

PA0703181190 Caracas Venezolana de Television Canal 8 in Spanish 1602 GMT 7 Mar 90

[Text] President Carlos Andres Perez today presented to the National Congress his annual report on his first year in office. At this bicameral session, the Cabinet ministers presented to the president the records and accounts of their respective offices.

The president began his speech by acknowledging that when he took charge of the country it was in a state of crisis and in need of profound changes that would once again pave the way to development. The president said that his goal was a concerted effort, because joint efforts are necessary for social efficiency.

President Perez said that he knows the policies he adopted are not widely applauded, but they were essential in order to prevent the country from sliding downhill.

[Begin Perez recording] There has been no placid chorus of assent. Amid discussions and disputes, we achieved the unity of resolve that will carry us forward. We have been realistic in our diagnoses, coherent in our statements, and sincere in our persistent search for understanding. I believe that our firm support of the program of activities that we proposed as well as our concerted effort—which we plan to continue—has been correct. This government has been neither elitist nor servile. If we want to be successful, we must go forward. There will be no going backward; there will be no time for mistakes. [end recording]

Favorable Repayment Terms 'Soon'

PA0703223490 Hamburg DPA in Spanish 2036 GMT 7 Mar 90

[Text] Caracas, 7 Mar (DPA)—Venezuelan President Carlos Andres Perez today disclosed that he will soon announce the successful completion of negotiations on the foreign public debt of nearly $21 billion, but asked for "patience and work" to resolve the economic crisis the country is undergoing.

In his annual message to Congress, Perez outlined a balance of his first year in office, stressing the success of his structural plan which he announced shortly after taking office in February 1989. Concerning this, he said that the plan marked "the economy's take-off."

Although he regretted the people's protests at the end of February 1989, which broke out shortly after the plan was disclosed and, officially, left 300 dead, the president pointed out that the country had been headed "toward a real catastrophe."

Quoting Simon Bolivar, Perez asked Venezuelans "to work hard to regenerate the country. Patience and more patience, persistence and more persistence," he added.

In the part of his report dealing with foreign policy, Perez highlighted his links with U.S. President George Bush and said that he could help contribute to improve Washington's understanding and comprehension of Latin America.

The Venezuelan head of the executive branch called for legislators to approve a public investment plan amounting to 127 billion bolivares—about $3 billion—aimed at reactivating the downtrodden Venezuelan economy and creating 200,000 new jobs.

Public investments will amount in 1990 to some 250 billion bolivares—about $5.8 billion—according to government plans. Of this, some $2.3 billion will be funneled into the oil industry in hopes of modernizing Venezuela's main source of income.

Perez highlighted foreign investment opportunity policies and announced a drastic tax-cut to make foreign investments more attractive.

In his much-awaited speech before both houses of Congress, the president announced that "in the next few days" he will release "details of the successful foreign public debt renegotiation," amounting to about $21 billion.

Venezuela's original goal was to attain a 50-percent reduction of its debt. A team of negotiators recently presented, to the committee of some 350 lending banks, a list of terms with various possibilities for agreeing on a substantial reduction.

Venezuela's total debt amounts to about $30 billion.

Among the options was reducing the principal through a partial repurchase of the debt with great discounts, interest reduction, and more reasonable terms for servicing it.

Perez described the foreign debt crisis as the Third World's "great challenge," and said it is interlinked with the "unjust international economic system."

Consul in Hong Kong Arrested on Visa Charges

HK0603031090 Hong Kong SOUTH CHINA MORNING POST in English 6 Mar 90 p 6

[Text] Venezuela's acting consul in Hong Kong, Gonzalo Ramires Calles, is to be returned to Caracas to face questioning on trafficking in visas, police in Venezuela have said.

But Venezuelan Government sources have criticised his arrest last Thursday [1 March] by officers of the Independent Commission Against Corruption (ICAC).

The case has caused a stir in Venezuela, where one government official characterised it as a "repressive measure" by Hong Kong in retaliation for a crackdown in Caracas on a multi-million dollar racket of supplying invalid Venezuelan visas to Chinese leaving the territory.

The arrest was confirmed by an ICAC spokesman early on Saturday [3 March] in connection with offences under the Prevention of Bribery Ordinance, but no charges have been laid.

Venezuelan Technical Judicial Police chief, Mr. Mauro Yanez, said in Caracas a police team would be sent to Hong Kong to begin an investigation into the case.

Police would be seeking "definitive" answers from him on his return, he added.

Venezuelan police last month said an illegal network had sold travel papers to more than 1,000 Chinese would-be immigrants.

The Venezuelan Government announced last Friday [2 March] that Ramires Calles, had been arrested on charges of receiving bribes.

According to a communique issued by the British Embassy in Caracas, co-operation had been requested of the Venezuelan authorities relating to evidence which suggested that Ramires Calles has accepted corrupt payments for providing visas to citizens of the People's Republic of China.

One senior government source has been quoted as saying the arrest of Ramires Calles had no connections with the 24 mainland Chinese who returned to China last Thursday after staging a nine-day sit-in at Kai Tak airport.

The group had refused to move from the departure lounge of the airport when British Airways refused them passage to Venezuela after the London-based carrier was told by the Venezuelan Consulate the 24 were trying to enter the country for the first time on re-entry permits.

However, another source claimed the arrest of Ramires Calles and the return of the Chinese group on the same day was "one hell of a coincidence."

Venezuelan Foreign Minister, Mr. Reinaldo Figueredo, said he would raise the question of the consul's diplomatic status under the Vienna Convention, which provides for diplomatic immunity.

Ramires Calles was arrested by ICAC officers on a warrant issued by a magistrate.

It is a matter of conjecture whether the arrest contravenes Article 41 of the Vienna Convention, which states that a consular officer is not liable to arrest or detention pending trial, except in a case of a grave crime and pursuant to a decision by a competent judicial authority (which includes a magistrate).

Article 43 of the same convention states that consular officers and employees are considered outside the jurisdiction of the country or territory they are posted to regarding acts performed as part of their consular functions.

Hong Kong's Consular Relations Ordinance is an expansion of the Vienna Convention.

A government spokesman refused to comment on Ramires Calles' case.

The Venezuelan Consulate was still open for business yesterday, although attempts to contact Ramires Calles since his arrest have failed.

Guyana

PNC Paper Lashes Out at Human Rights Group

FL0703005290 Bridgetown CANA in English 2343 GMT 6 Mar 90

[Text] Georgetown, Guyana, March 6, CANA—NEW NATION, the official publication of Guyana's ruling People's National Congress (PNC), has accused human rights activists here of seeking to deny it the right to publish freely.

The paper's comment followed reactions to an article it printed about the executive secretary of the Guyana Human Rights Association (GHRA) Mike McCormack. The paper said the article exposed McCormack as "a mischievous person hiding under the cloak of Guyanese citizenship while at the same time indulging in activities calculated to undermine public morale and harm the best interest of this country (Guyana)."

It said McCormack and supporters had solicited a number of foreign organisations "to write objecting to the article saying what great human rights activists McCormack and his clique were. Such human rights activism is an irrelevance," the paper said.

"The very people who claim the right to publish freely now seek to deny us that right. They have now exposed themselves as the hypocrites they are.

"We would like to say to these gentlemen that we will have many expose about them and their machinations in the future," the paper said.

Suriname

Economy Minister To Chair ACP Minister Council

FL0603222390 Paramaribo International Service in English 1730 GMT 6 Mar 90

[Text] Economic Affairs Minister Wilfred Grep will, on behalf of Suriname, take the chair of the ACP [African, Caribbean, and Pacific] Ministers Council for six months. The Ministers Council is the highest body within cooperation relations between 68 countries in the African, Caribbean, and Pacific regions, and the European Community. Minister Grep will from March 29th till [words indistinct] act as spokesman and chairman of the ACP countries during the 15th meeting of the ACP/EC Ministers Council. He will also address the coming ACP/EC general meeting in Papua, New Guinea, which will be held from 19 March until 23 March.

During Suriname's period of chairmanship, ratification of the fourth Lome Convention will be discussed. [words indistinct] industrial cooperation, the easing of the debt of the ACP countries to the EC, and the unification of the European market will be discussed in the next six months.

Minister Grep will this weekend leave for Brussels, the Belgian capital, to hold discussions with the ACP Secretariat. The minister will be out of the country for some three weeks. Suriname was nominated for the chairmanship of the ACP Ministers Council after Grenada had been scrubbed for political reasons.